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1/28/87

Lawn&Garden Marketing

NOV/DEC 1986

Reports on: NLGDA convention

Summer product movement • 1987 events

Market Data Issue

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Lawn&Garden Marketing

The merchandising magazine for lawn, garden and leisure living products.

NOV /DEC 1986 VOL. 25, No. 10 PUBLISHED 10 TIMES ANNUALLY

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Market data issue

Our annual issue kicks off with some early results from the National Gardening Survey, which indicates the continued importance of U.S. household growth to the lawn and garden industry. This is followed by two first-time studies: a survey of consumers on the value of landscaping and a profile of independent garden centers. Also included is the latest information on power and portable power shipment data, foliage grower reports and casual furniture sales.

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Cover photo by Ron Anderson, Pitzner Studio. Special thanks to Media Design Group, Tampa, Fla., for expediting our computer-generated slides.

Postmaster: Return form 3579 to Lawn & Garden Marketing, P.O. Box 12942, Overland Park, KS 66212-0930.

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L&G participation strong in '86

Results from the annual National Gardening Survey show U.S. household involvement in lawn and garden activities at steady or increased levels; two new categories of activities measured this year.

By Bruce Butterfield

Early results of the 1986 National Gardening Survey indicate that participation in every category of indoor and outdoor lawn and garden activity by U.S. households this year was equal to or greater than participation rates seen in 1985. The survey is conducted annually for the National Gardening Assn. by the Gallup Organization Inc.

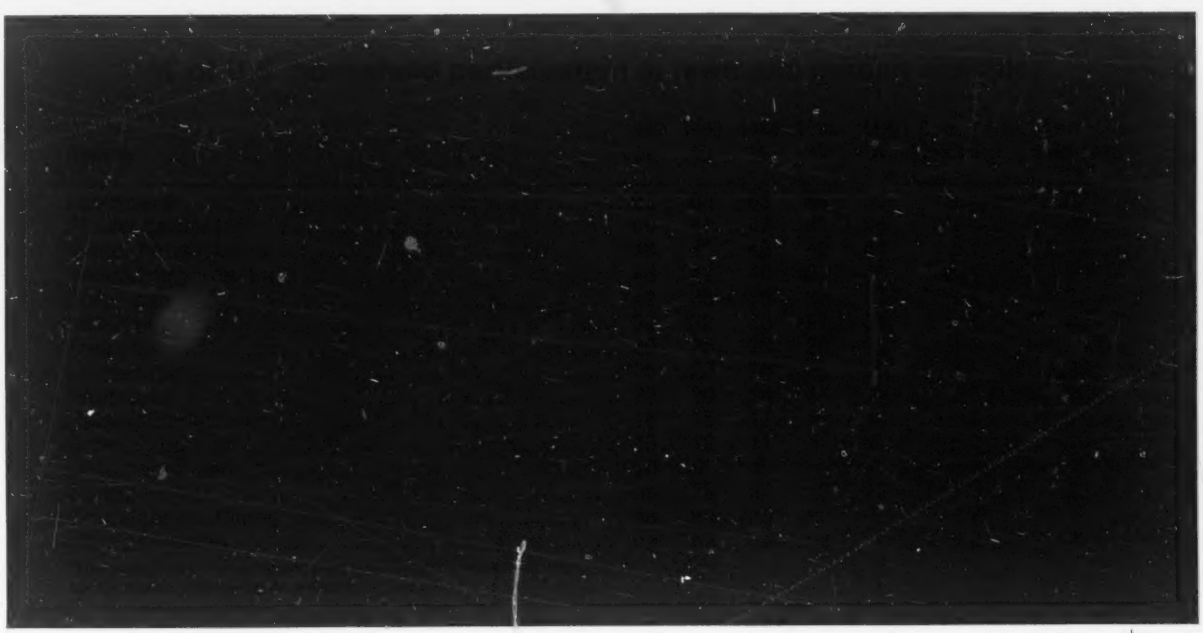
Of the 15 categories of DIY lawn and garden activities measured in 1986, 10 had participation rates equal to that seen in 1985, three saw an increase in participation; two categories, herb gardening and container gardening, were measured for the first time.

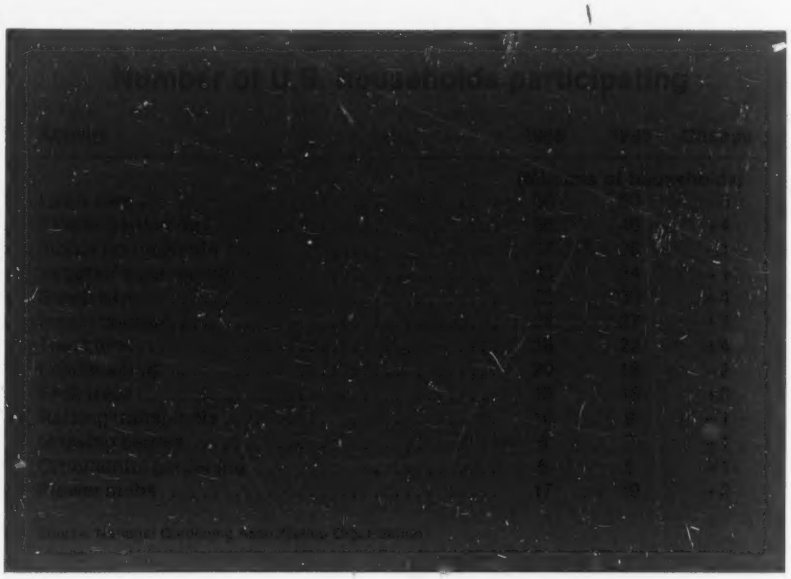
The percentage of U.S. households participating in lawn care, maintaining indoor houseplants, shrub care, insect control, landscaping, planting flower bulbs,

raising transplants, vegetable gardening, growing berries and ornamental gardening were all statistically equal given sampling tolerance to participation rates seen last year. Categories of flower gardening, tree care and fruit trees saw a small yet significant increase in participation levels over 1985.

According to Charles Scott, president of the NGA, "The early results of this year's survey have confirmed that gardening in its many forms is an important part of Americans' lifestyles and values. The fact that some lawn and garden activities with small declines in 1985 rebounded in 1986 suggests that we are on solid ground. On balance, I think that 1986 was a year when the lawn and garden market stabilized."

Scott continued, "Given the economic and demographic outlook for 1987, we expect next year to show some real growth. The lawn and garden industry has not yet felt the full impact of this year's improved housing market. I also suspect that the increasing sophistication of America's gardeners will be an important factor in the future."





Household growth continues through '80s

From 1980 to 1985, the U.S. household population increased from 80.8 million to 87.9 million or an increase of about 9 percent. From 1986 to 1990, the U.S. household population is expected to increase from 88.4 million households to an estimated 99.1 million households or an increase of about 12 percent.

Given the age structure of the U.S. population, the number of households will increase at a much higher rate than the number of people in the United States between now and the end of this decade principally because the baby-boom generation has entered its prime years for household formation.

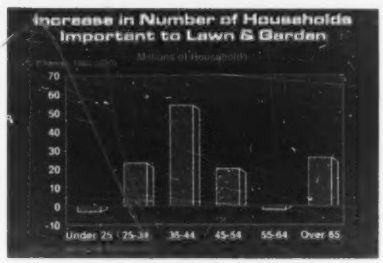
During the 1980s, the total number of U.S. households is expected to increase by more than 20 percent, while the total number of people in the United States is expected to increase by only about 10 percent.

Between 1980 and 1990, the number of households age 35 to 44 is expected to increase by 54 percent, households age 65 and older by 26 percent, households age 25 to 34 by 23 percent and households 45 to 54 by 20 percent. All of these household age groups can add significantly to the lawn and garden customer base.

Increase in number of households important

From 1985 to 1986, the U.S. household population increased by an estimated 500,000 households from 87.9 million households in 1985 to 88.4 million households in 1986.

What this meant for the lawn and garden industry was that even though



the percentage of all households participating in most types of lawn and garden activity did not increase this year, the actual number of households did. In fact, when you compare the estimated number of households that participated in each type of lawn and garden activity in 1986 with 1985, you find that for a majority of eight out of 13 activities measured both years, the number of participating households increased in 1986.

The number of households that participated in flower gardening, tree care or shrub care in 1986 increased by an estimated 4 million households each from 1985. Household participation in insect control and growing fruit trees increased by an estimated 3 million households each during the last year.

The number of households that planted flower bulbs increased by 2 million households and the number of households with a vegetable garden or growing berries each increased by an estimated 1 million households from 1985 to 1986.

This year as in the past, the annual growth in the number of U.S. households was more important to increasing the consumer base for lawn and garden retail sales than a change in the percentage of households participating.

Who's who of today's lawn and garden participants

During the past few years the demographics of who's who of lawn and garden participants have been changing. The most avid participants in lawn and garden activities and the primary target groups for sales of products and information today are younger, better educated, more affluent, located in the suburbs and have professional, managerial or business related occupations.

Because they are younger, they are strong DIYers. As college educated, they buy intelligently, ask questions and expect detailed answers. They want to buy quality and expect value in their lawn and garden purchases, because they earn large salaries and have adequate disposable incomes. As professional and business people, they're concerned with a proper and fashionable image that reflects their achievement and status.

Today's key lawn and garden participants have a general idea of how they want their property to look; appearance is important. They enjoy working in their yard and are results-oriented. They are busy people so lawn and garden activities need to fit with their other lifestyle interests.

Because a majority of today's lawn and garden enthusiasts are married, the planning, purchasing and involvement in lawn and garden activities are typically shared responsibilities. Regional and local preferences, new plant and product introductions, time and labor saving gardening and yard maintenance techniques are also all important parts of today's retail lawn and garden marketing mix. **—LGM**

Bruce Butterfield, author of this article, is director of research for the National Gardening Assn.

Each year NGA publishes the National Gardening Survey based on research conducted by the Gallup Organization. The Survey looks at U.S. household participation in lawn and garden activities, how much consumers spend, products purchased and other related subjects of interest.

The NGA is a member-supported, non-profit organization with headquarters in Burlington, Vt. Its 250,000 members receive the organization's monthly magazine National Gardening, which, in addition to providing gardening information, permits members to exchange ideas and inquiries through its pages. The organization also offers a Gardening Answer Service managed by staff horticulturalists.

In addition to its magazine, NGA also recently published a 430-page book, *Gardening—The Complete Guide to Growing America's Favorite Fruits and Vegetables*, is involved in the production of a series of how-to video-tapes on gardening and is developing elementary science educational programs using gardening as a hands-on learning tool. NGA's address is 180 Flynn Ave., Burlington, VT 05401.

Next month, Butterfield will discuss 1986 lawn and garden retail sales and trends in lawn and garden product purchases.

Landscaping: Adding value to America's homes

According to a Gallup survey, homeowners are enjoying the aesthetic rewards of landscaping today while investing in its financial rewards for tomorrow.

By Bruce Butterfield and Charles W. Dunn

All across this country we've seen recently a resurgence in America's housing industry. In many areas, building permits are at a 10-year high while interest rates have fallen to a 10-year low. Unemployment and inflation are down while consumer confidence, pride and a sense of personal well-being apparently are riding a crest of popularity.

The millions of baby boomers are just beginning to turn 40 and are entering their prime home-investment years. Their purchasing decisions are unlike those of any other generation. Greater emphasis is placed on the value received or perceived when a purchase is made.

All of this will have a tremendous impact on the lawn and garden industry. It will force many of us to adopt new methods and techniques of selling—ones based on value, because America's homeowners have discovered the value of landscaping.

It has not happened overnight. For the past several years, the average amount of money that homeowners spend annually on landscaping their property has been higher than their spending on lawn care, flower gardening, vegetable gardening and virtually every category of DIY lawn and garden activity. Landscaping represents an important part of today's lawn and garden market, both directly in terms of sales of trees, shrubs, plants and seed, and indirectly in terms of sales of fertilizer, insect controls and chemicals, tools, power equipment, watering equipment, information and other related lawn and garden products.

To find out exactly what value America's homeowners associated with their landscaping, the Weyerhaeuser Co.'s Nursery Products Division funded research during 1986 to determine how both U.S. homeowners and real estate professionals view the value of landscaping. This research included inquiry into both the qualitative and quantitative aspects of the value of residential landscaping, an investigation of who the key landscaping customers are today and how real estate appraisers and professionals view landscaping in terms of enhancing sales appeal and the bottom line in marketing real estate.

Plants enhance the quality of life

Arborists, landscape architects, nurserymen and horticulturists have long recognized the importance of plants. Professionals from a number of other disciplines—psychologists, meteorologists, architects and geographers—are now looking at and studying what plants add to the quality of man's life and are proving what had been assumed previously.

Dr. Roger S. Ulrich of the department of geography at the University of Delaware, for example, has done extensive research on the basic emotional response of people to plants. Through a series of detailed artists' drawings, urban row homes were presented to a panel in various stages of landscaping and with various signs of structural neglect, such as peeling paint or broken windows.

"In the case of the systematically degraded scene, step-by-step removal of vegetation reduced the aesthetic appeal more than did the step-by-step deterioration of the structure," Ulrich reported.

According to Toronto psychiatrist Dr. Basil Orchard, "For most people, trees and plants convey warmth, hospitality, protection and serenity. They convey the ability to endure adversity and survive, serving as powerful living examples of continuity and stable growth in the everchanging and relatively unstable environment that mankind faces."

Quality of life is an important attribute in the value/purchase decision concept.

Yankelovich, Skelly and White Inc., one of America's leading forecasters of social change, recently completed a report on "How Changing Lifestyles in America are Impacting the Gardening Industry" for *Rodale's Organic Gardening*. This report notes that "gardening will to some degree benefit from the renewed emphasis on home-base leisure, and that this will extend to vegetable, ornamental, lawn care and flower/plant cultivation. The character of leisure time is changing, and many of the changes are in directions that suggest vitality for gardening."

The study reports that in 1985, 35 percent of the people they surveyed said that "having a beautifully landscaped or exceptionally well cared for lawn and garden is associated with success"—an increase of 5 percent from 1984.

The benefits that plants offer to mankind are just beginning to be measured. The interactions that humans have with their environment are just starting to be appreciated. Over the last decade, the emphasis has shifted from broad generalizations about our relationship with plants to more closely identified specific benefits of man/plant interaction. As we learn more about the "hows" and "whys" of this fundamental and intricate relationship, we begin to determine the true value of plants—a value that is a combination of emotional factors and economic reactions.

The economic value of landscaping

While few would question the fact that landscaping and plants add to the quality of life, are aesthetically pleasing, promote a sense of well-being, convey status and make our home and work environments more liveable, it is important to quantify or measure exactly how much landscaping is worth in more tangible and concrete terms. In developing "The Value of Landscaping" for Weyerhaeuser, the Gallup Organization Inc. of Princeton,

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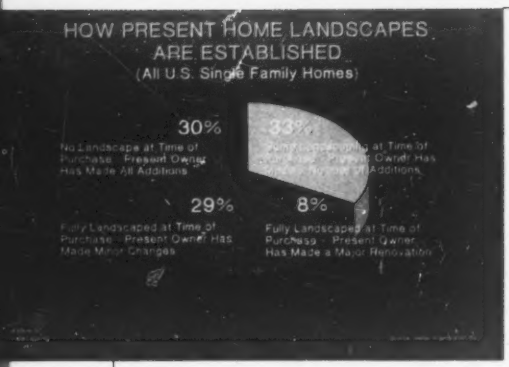

HOW PRESENT HOME LANDSCAPES ARE ESTABLISHED
(All U.S. Single Family Homes)
30%
No Landscape at Time of Purchase - Present Owner Has Made All Additions
33%
29%
Fully Landscaped at Time of Purchase - Present Owner Has Made Minor Changes
8%
Fully Landscaped at Time of Purchase - Present Owner Has Made a Major Renovation

Landscaping

...continued

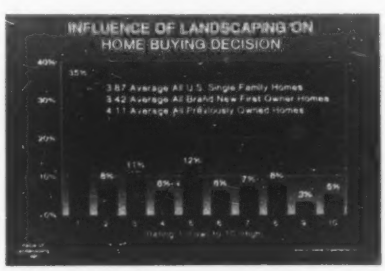
N.J., was engaged to interview personnally a representative sample of U.S. households in all 50 states, seeking answers to the following questions:

- How important is residential landscaping in influencing the buying decision to invest in one property rather than another?
- How does the investment in landscaping compare with investments in other types of home improvements, such as remodeling a kitchen or bath?
- How much does landscaping add to the selling price or value of residential property?
- How are today's home landscapes established?

Landscaping as an influence in the home buying decision

Many factors and considerations go into the decision to select one home over another. Factors such as the land itself, the orientation of the lot, the structure of the house, the total square footage, the features of the house, the finish of the house and several other factors all influence one's decision when selecting a particular home. Given these influences, the fact that landscaping rated an average of 3.87 (on scale of 1 to 10, with 1 being low and 10 being high) nationally among owners of single-family homes suggests that landscaping does influence the home-buying decision.

The influence of landscaping on the home-buying decision was slightly higher for people buying previously owned homes (4.11) than it was for those purchasing brand-new homes (3.42). The reason for this difference is the fact that


INFLUENCE OF LANDSCAPING ON HOME BUYING DECISION
3.87 Average All U.S. Single Family Homes
3.42 Average All Brand New First Owner Homes
4.11 Average All Previously Owned Homes

60 percent of brand-new first-owner homes have no landscaping at all at the time of purchase and 20 percent of new homes have only minimal landscaping. Therefore, for 80 percent of brand-new homeowners, there was little or no landscaping to influence the buying decision. That compares to previously owned homes where 43 percent are fully landscaped.

For a majority of 71 percent of all households, the current homeowner has made a number of additions, done a major renovation or done all the landscaping that exists on the property. For only 29 percent of all households was the property fully landscaped and did the present owner make only minor changes.

Landscaping and re-landscaping is a continual and ongoing process as homeowners add to and change their existing landscaping as homes are bought and sold.

Overall, new home buyers and buyers of previously owned homes in the U.S. estimate that landscaping, on the average, adds 14.87 percent to the value or selling price of their home. This clearly indicates that American homeowners strongly feel that landscaping adds a significant value to their property.

HOW LANDSCAPING COMPARES WITH INVESTMENTS IN OTHER HOME IMPROVEMENTS
(All U.S. Single Family Homes)
17%
An Excellent Investment
38%
Not as Good an Investment

American homeowners consider landscaping a very good investment

A majority of 62 percent of all U.S. homeowners feel that landscaping is as good as or a better investment than spending money on other types of home improvements such as remodeling a kitchen or a bathroom. Furthermore, these homeowners feel that landscaping holds its value compared to other kinds of remodeling, and it's the kind of investment that pays a very handsome return.

In fact, the April 1986 issue of *Money* magazine reported in a story on home renovations that "not all improvements will increase the value of a house by the amount that they cost to perform." Landscaping, according to the magazine's research, has a recovery value of 100-200 percent, "if it is done well and harmonizes with foliage nearby." This compares with a recovery value of a kitchen overhaul of 75-125 percent, a bathroom 80-120 percent, a new deck or patio 40-70 percent and a swimming pool 20-50 percent.

In summary, the 1986 Gallup National Landscaping Survey conducted for Weyerhaeuser's established the following quantitative factors regarding the value of landscaping.

- When people buy a home, landscaping is a definite factor they take into consideration in making their buying decision.
- Once a home is purchased, landscaping is an important ongoing activity.
- Homeowners feel that landscaping adds an average of about 15 percent to the value of their property and that landscaping is an investment with lasting value.
- Landscaping is an important factor for homeowners while they live in their homes, and it is also an important part of selling that home.

Who's who of landscaping consumers

According to a recent National Gardening Survey, landscaping was the lawn and garden activity with the highest average annual dollar expenditure, $154 per participating household. With nearly one of four U.S. households (23 percent) actively engaged in landscaping activities—defined as the installation of new plant material, trees, shrubs, groundcovers and vines in new and renovated landscapes—cash registers at the retail level rang to the tune of $2.1 billion last year. This number does not include expenditures for lawn and garden activities such as pruning, fertilization, watering, weed control, lawn and tree care or flower gardening.

Opportunities in today's lawn and garden market

Today's lawn and garden industry has a market of strong demographic characteristics, a revitalized housing industry of both new starts and existing home resales and a population in this country intent upon maximizing leisure-time activities. All of this points to an unparalleled opportunity for the nursery and lawn and garden industry. To take advantage of it, we have to sell our markets on the value of landscaping. We have to provide our markets with the products and services to meet not only the customers' interests, but to compliment their lifestyles. **—LGM**

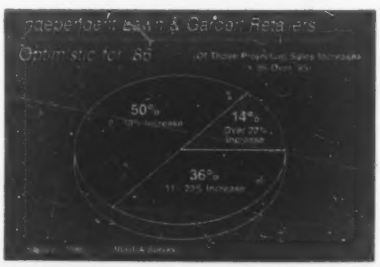
Bruce Butterfield is research director for the National Gardening Assn., Burlington, Vt. Charles W. Dunn is a marketing and communications consultant in Tampa, Fla., and specializes in the nursery, lawn and garden industry. Next month in *LGM*, the authors will address the subject, "How real estate appraisers look at the value of landscaping and the opportunities for the industry."

Garden centers profiled

A new marketing study with some surprising results gives a profile of a strong core of specialty retailers who are optimistic and growing stronger.

A first-time study of the industry's specialists in selling tools, chemicals, fertilizers, supplies and green goods to the public shows that garden centers are strong and growing stronger.

The study, sponsored and underwritten as a joint project by *Lawn & Garden Marketing* and the National Lawn and Garden Distributors Assn., showed that the average annual sales per store by the independent garden centers was $876,680 per store. The average sales area per store was 7,400 square feet with 55 percent of them being indoor space and 45 percent being outdoor display space.



Two out of three of the respondents to the survey projected an increase in 1986 sales volume compared to 1985. On average, those who projected increases expected an increase of 15 percent. One half of them expected increases in a lower range: 11 percent.

The categories in which the garden centers expected to see the greatest 1986 increases were landscape services, lawn fertilizers and garden supplies. The most-frequently listed products that garden centers will add are garden supplies, nursery stock, lawn fertilizer and garden tools.

Breadth of inventory, rather than cherry picking, is a part of their marketing strategy, judging from the data provided by the garden centers. In other words, in general, if garden centers carry a category at all, they carried a full line of products in the category.

This is one of the strategies which distinguishes the garden center operators from the mass-merchandisers who are more inclined to cherry pick and stock only products with best margins and fastest shelf movement. One of the surprises of the survey was that the majority of the garden centers do not consider the mass-merchandisers but rather other garden centers as their major competition.

The best profit margins to retailers came from landscape services, nursery stock and trim-a-tree items. Garden supplies, nursery stock, lawn fertilizer and garden tools were the product lines most mentioned by garden center operators who plan to expand into new lawn and garden categories in the next three years.

Another surprise revealed by this survey was the relatively low inventories that the retailers reported for the end of the 1986 summer selling season, said Aaron Lessans, president of Commerce Distributors, Linthicum Heights, Md., and a member of NLGDA. He said the data prepared him for the low-inventory position of garden center operators who came to his dealer show in October.

One example, he said, was that orders placed by these retailers for Ortho products for the 1987 sales season were 47 percent higher at this year's dealer show than for orders placed during his 1985 dealer show. The increase, he said, was due to the low inventory position of the dealers and their optimism for the upcoming season.

The distributors who co-sponsored the survey of garden centers believe the new

continued...

Sales by category, profit margin

Product line	Percent Carrying	Percent of Sales*	Profit Margin*
Garden tools	77%	5%	35%
Nursery stock	76	23	46
Lawn fertilizers	75	12	32
Soil amendments	74	7	34
Pesticides and other chemicals	73	9	36
Garden supplies	73	11	35
Watering products	72	4	36
Specialty fertilizers	67	5	38
Indoor plant related	64	3	30
Patio items	64	10	36
Miscellaneous	46	17	39
Trim-a-tree	40	9	44
Landscape services	14	32	50

*Percentages are based on the number of respondents who carried the category.

Source: 1986 LGM/NLGDA survey.

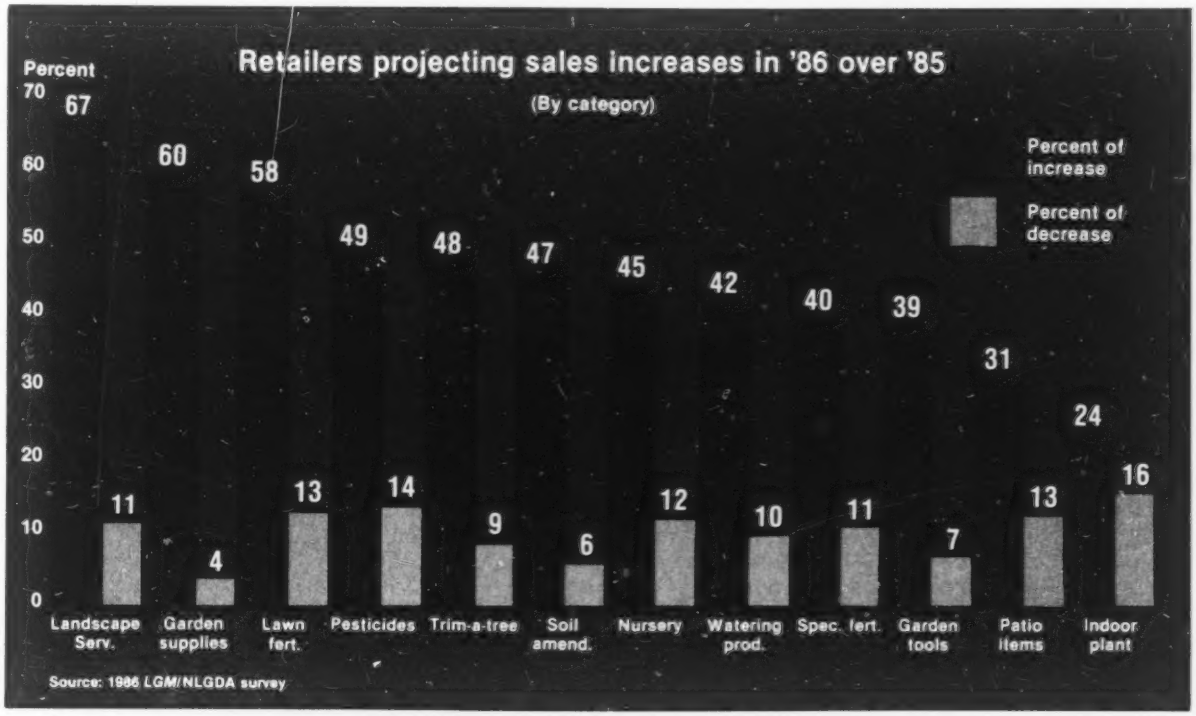
Garden centers

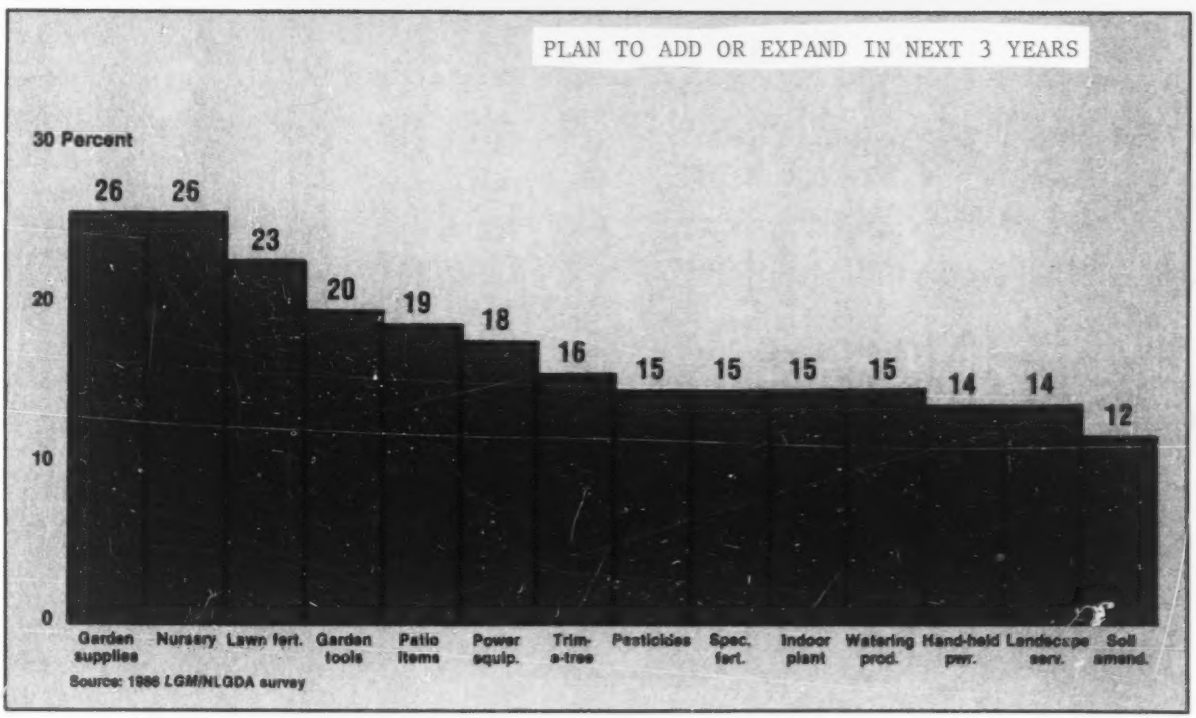
...continued

data gives them a better profile of these retail customers and will enable them to serve them better.

Additional data, including some surprising information that may encourage some distributors to change some previous assumptions and marketing strategies will be reported in upcoming issues of *LGM* in 1987. **—LGM**

This study was conducted as a joint effort of *Lawn & Garden Marketing* and the National Lawn and Garden Distributors Assn. Complete copies of the study are available for purchase by contacting William Robinson, NLGDA, 1900 Arch St., Philadelphia, PA 19103, (215) 564-3484.





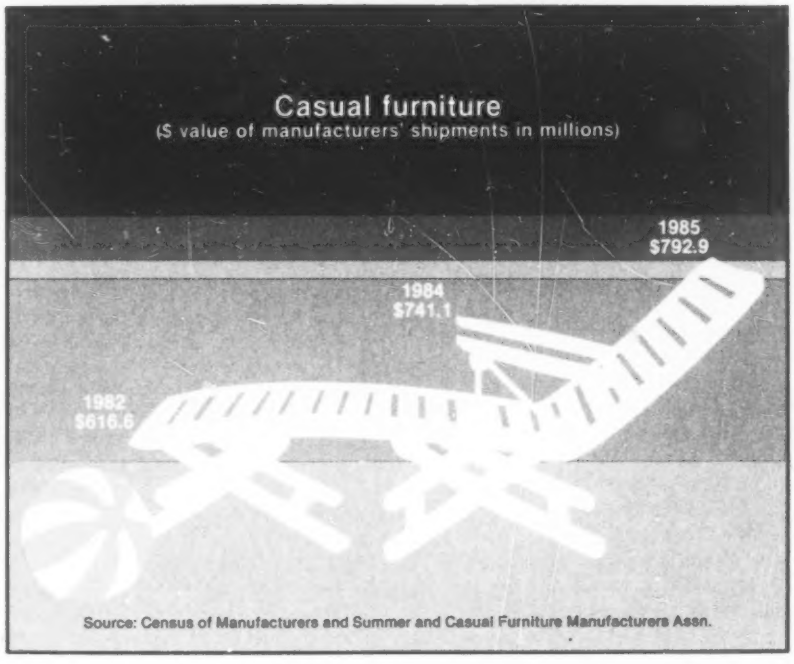
Casual furniture still showing increase

The Summer and Casual Furniture Manufacturers Assn. (SCFMA) estimates that U.S. manufacturers shipped $729.9 million in casual furniture in 1985, up 7 percent from 1984.

The 7 percent growth is derived from a comparison with a revised mark for 1984 of $741.1. These figures are estimates of shipments, at manufacturers invoice value, from casual furniture manufacturers located in the United States and are the latest figures available. If imports were included, the total retail market for casual furniture would be about $1.5 billion, according to Martin J. Reddan Jr., director of market research for the American Furniture Manufacturers Assn.

Looking to the 1987 lines, Reddan says that the biggest innovation by manufacturers will be seen in the use of fabrics, "especially in looks and texture. Woven vinyls are a little more sophisticated than in the past."

A wider variety of colors will be available also, he says, although vanilla still leads in color preference among retailers.



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Product Movement Report

Summer 1986

The summer of 1986 appears to have been a strong sales season for lawn and garden retailers nationally. Of the nine categories measured in the Summer 1986 Product Movement Report, only one reflected a decrease. In the category of electric spin trimmers, more retailers reported sales down than up in 1986 compared to 1985.

Nationally more retailers reported substantial increases in 1986 over 1985 in all power equipment categories, including walk-behind mowers, riders/lawn tractors and gasoline-powered spin trimmers.

The South weighed heavily on the national totals, however, for garden tools because a significant number of Southern respondents reported decreased sales, causing the garden tool category to rate flat nationally.

Rodenticides, herbicides and insecticides were three categories in which a greater number of respondents reported more sales up than down. Watering equipment remained stable. More retailers reported sales up than down. The North Central states were the exception, reporting decreased sales there.

When asked the median number of walk-behind mower units in inventory per store on August 31, 1986, retailers reported a median of 19 units. This compares to 11 units in 1985.

The Southern region, as expected from its weaker economy, showed several categories with greater decreases than increases, including garden tools, herbicides and high ticket items such as riding tractors. The South showed stable sales of walk-behind mowers, however, and increased sales of gas-powered spin trimmers.

- **Garden tools:** 66 percent carry the line; 7 percent said sales were up; 39 percent said same and 20 percent said down;
- **Watering equipment:** 56 percent carry the line; 17 percent said sales were up; 27 percent said same and 11 percent said down;
- **Rodenticides:** 44 percent carry the line; 16 percent said sales were up; 21 percent said same and 7 percent said down;
- **Herbicides:** 56 percent carry the line; 9 percent said sales were up; 33 percent said same and 14 percent said down;
- **Insecticides:** 61 percent carry the line; 19 percent said sales were up; 31 percent said same and 11 percent said down;
- **Walk-behind mowers:** 54 percent carry the line; 20 percent said sales were up; 17 said same and 17 percent said down;
- **Riding mowers/lawn tractors:** 49 percent carry the line; 14 percent said sales were up; 17 percent said same and 17 percent said down;
- **Electric spin trimmers:** 43 percent carry the line; 10 percent said sales were up; 23 percent said same and 10 percent said down;
- **Gas spin trimmers:** 56 percent carry the line; 24 percent said sales were up; 16 percent said same and 16 percent said down.

Retailers in the Northeast reported strongest sales gains in power equipment. More retailers in this region said sales were up significantly in walk-behind

continued...

Summer product sales changes

(% of respondents)

	% carrying	% up	% same	% down
Watering equipment	51		24	13
Electric trimmers	50	11	27	12
Walk-behinds	67	29	24	14

Source: LGM summer 1986 survey.

Based on 262 respondents indicating sales changes in each product category compared to summer 1985. Percentages do not add up to 100 percent because not all the respondents carry all product lines.

Decreased sales in the North Central weighed down national totals; in three other regions, some credited increases to drip irrigation sales.

By all indications, electric trimmer sales remain flat while gas units are gaining.

As was projected, this category showed gains—even in the South, which reflected sales decreases in most higher ticket items.

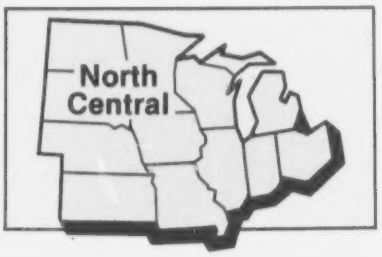
Product movement

...continued

mowers, riding mowers/lawn tractors and gas spin trimmers.

All nine catagories showed growth except electric spin trimmers, where more retailers showed sale decreases than increases. Overall, the Northeast tended to do better than the national sales trends.

- **Garden tools:** 48 percent carry the line; 16 percent said sales were up; 26 percent said same and 6 percent said down;
- **Watering equipment:** 47 percent carry the line; 14 percent said sales were up; 26 percent said same and 7 percent said down;
- **Rodenticides:** 33 percent carry the line; 4 percent said sales were up; 28 percent said same and 2 percent said down;
- **Herbicides:** 40 percent carry the line; 14 percent said sales were up; 23 percent said same and 3 percent said down;
- **Insecticides:** 47 percent carry the line; 19 percent said sales were up; 21 percent said same and 7 percent said down;
- **Walk-behind mowers:** 72 percent carry the line; 37 percent said sales were up; 21 said same and 14 percent said down;
- **Riding mowers/lawn tractors:** 63 percent carry the line; 35 percent said sales were up; 23 percent said same and 5 percent said down;
- **Electric spin trimmers:** 47 percent carry the line; 9 percent said sales were up; 26 percent said same and 12 percent said down;
- **Gas spin trimmers:** 70 percent carry the line; 35 percent said sales were up; 23 percent said same and 12 percent said down.



In the North Central region, unlike nationally, watering equipment sales showed a downward trend. However, all other categories showed a stable or an increased growth. Most notably these increases occurred in insecticides and power equipment.

- **Garden tools:** 56 percent carry the line; 14 percent said sales were up; 32 percent said same and 10 percent said down;
- **Watering equipment:** 43 percent carry the line; 10 percent said sales were up; 17 percent said same and 16 percent said down;
- **Rodenticides:** 35 percent carry the line; 11 percent said sales were up; 23 percent said same and 1 percent said down;
- **Herbicides:** 40 percent carry the line; 15 percent said sales were up; 22 percent said same and 3 percent said down;
- **Insecticides:** 42 percent carry the line; 21 percent said sales were up; 19 percent said same and 2 percent said down;
- **Walk-behind mowers:** 71 percent carry the line; 29 percent said sales were up; 32 said same and 10 percent said down;
- **Riding mowers/lawn tractors:** 66 percent carry the line; 30 percent said sales were up; 21 percent said same and 15 percent said down;
- **Electric spin trimmers:** 51 percent carry the line; 13 percent said sales were up; 24 percent said same and 14 percent said down;
- **Gas spin trimmers:** 68 percent carry the line; 32 percent said sales were up; 27 percent said same and 9 percent said down.

Following the national trend, power equipment in the West fared well. More retailers there reported sales of walk-behind mowers, riding mowers/lawn tractors and gas-powered spin trimmers up than down. Of all nine categories measured, only electric spin trimmers were flat.

- **Garden tools:** 84 percent carry the line; 16 percent said sales were up; 57 percent said same and 11 percent said down;
- **Watering equipment:** 66 percent carry the line; 18 percent said sales were up; 32 percent said same and 16 percent said down;
- **Rodenticides:** 63 percent carry the line; 11 percent said sales were up; 45 percent said same and 7 percent said down;
- **Herbicides:** 63 percent carry the line; 25 percent said sales were up; 36 percent said same and 2 percent said down;
- **Insecticides:** 73 percent carry the line; 23 percent said sales were up; 36 percent said same and 14 percent said down;
- **Walk-behind mowers:** 72 percent carry the line; 34 percent said sales were up; 20 said same and 18 percent said down;
- **Riding mowers/lawn tractors:** 50 percent carry the line; 16 percent said sales were up; 27 percent said same and 7 percent said down;
- **Electric spin trimmers:** 63 percent carry the line; 11 percent said sales were up; 41 percent said same and 11 percent said down;
- **Gas spin trimmers:** 59 percent carry the line; 32 percent said sales were up; 18 percent said same and 9 percent said down.

The summer 1986 survey results were based on 262 responses from three categories of retailers: garden centers, hardware/home centers and power equipment dealers. Respondents were asked to compare sales of product categories in summer 1986 to summer 1985. As a result of rounding, percent of change does not always total the percent carrying the line.

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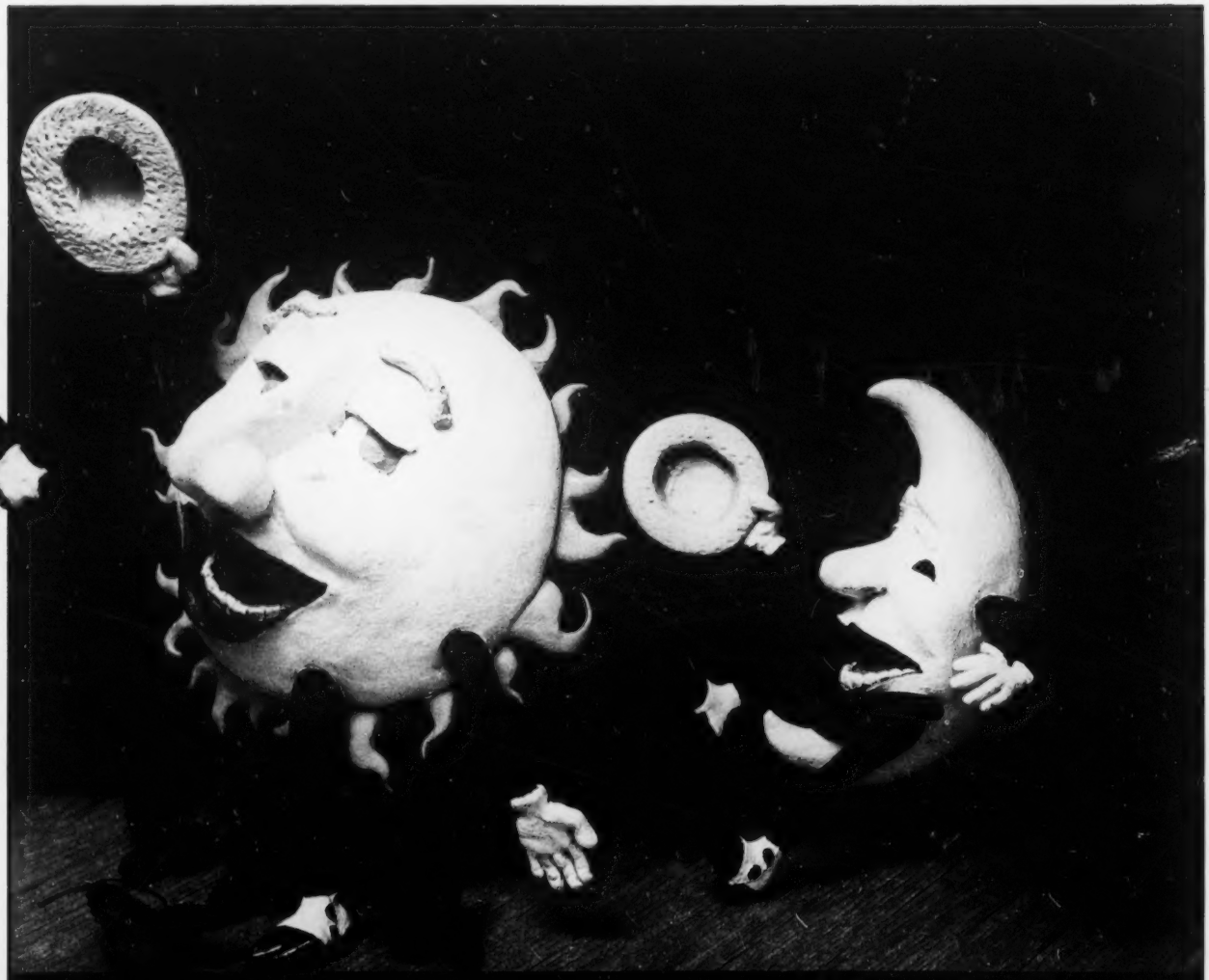
Lawn&Garden Marketing

JANUARY 1987

Reports on: Tecumseh, B&S exec changes
Landscaping values • Garden center retailers



Stepping up daylight-saving time

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Lawn&Garden Marketing

The merchandising magazine for lawn, garden and leisure living products.

JANUARY 1987 VOL. 26, No. 1 PUBLISHED 10 TIMES ANNUALLY

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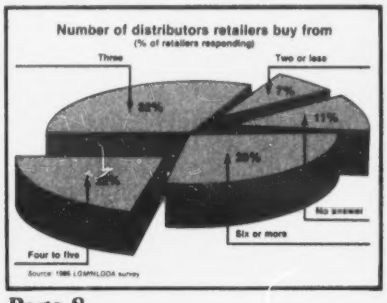

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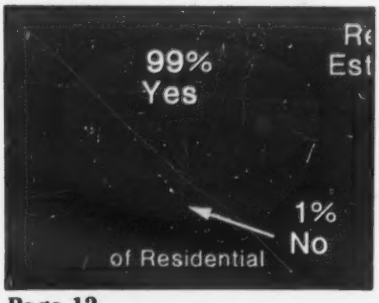

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FEATURES

Stepping up daylight-saving time

Industry supporters say the new law moving up daylight-saving time three weeks will give homeowners early encouragement for planning gardens, doing yardwork and barbecuing along with other outside leisure activities and provide retailers the opportunity for increased sales; those opposed say that's just a song and dance. . . . . **page 4**

Retailers rank supplier services

Garden center retailers responding to an NLGDA/*LGM* 1986 survey said that of all the services that manufacturers provide, product knowledge and training are most important; coupons and video displays are least important. Results on how they rank distributors also are provided. . . . . **page 8**

New strategy in setting landscape values

Both American homeowners and real estate appraisers view landscaping as increasing the worth of homes and property. Yet homeowners place a 15 percent value in relation to the selling price while appraisers give it only a 7 percent value. What does this mean and what should the industry be doing about it? . . . . . **page 12**

DEPARTMENTS

Editor's Notebook

Celebrating 25 years...and looking ahead. . . . . **page 2**

Questionnaire

Marketing for Women. Have you made any changes in your merchandising strategies to attract and retain female customers? . . . . . **page 9**

Calendar

February events in 1987 include a meeting of the Outdoor Power Equipment Aftermarket Assn. in Florida; Penn Allied Nursery Conference in Pennsylvania; and the Outdoor Power Equipment Distributors Assn. meeting in Michigan. . . . **page 16**

In the News

O.M. Scott and Burpee under new ownership; Willard Scott is new Nursery Marketing Council spokesperson; and Duraco begins manufacturing macrame plant hangers from South Carolina facility. . . **page 18**

Green Scene

The rose is named the national flower; National Gardening Assn. honors Ames Lawn & Garden Tools and W. Atlee Burpee. . . . . **page 23**

Cover claymation and set design by Ben Riggin; photography by Kevin Anderson.

Product Listings

This month kicks off our offerings of Exclusive Listings, shown to readers for the first time only in *LGM*. This month's Exclusive Listings are offered by Greenview and Parker Sweeper. . . . . **page 24**

Power Equipment Report

Toro will acquire Wheel Horse; major executive staff changes at Tecumseh and Briggs & Stratton include top management positions. . . . . **page 28**

Marketing in Action

Pioneer/Partner has new dealer display; Kohler presents new gondola header; and Weber-Stephen offers toll-free retail outlet number. . . . . **page 36**

FEBRUARY

- **Brand names vs. private-labels**
- **Fall product movement**
- **'86 Consumer spending**
- **Tax changes**

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Retailers rank supplier services

When lawn and garden specialty retailers rank services from manufacturers and distributors, they rank product training at the top of the list; coupons rank at the bottom.

Training by suppliers—both manufacturers and distributors—ranks high with retailers when stacked up against other benefits and services that the suppliers offer.

Fifty-five percent of retailers responding to a survey by *Lawn & Garden Marketing* and the National Lawn and Garden Distributors Assn. said that product knowledge and training from manufacturers was "very valuable." Next in rank of manufacturer's services to the retailers, according to this study, were co-op ads, with 44 percent designating "co-op" as very valuable; national ads and buyer incentives followed, each getting ratings by 36 percent of the retailers as very valuable. The survey demonstrated the long-running disagreement of retailers and manufacturers on the value of coupons.

Only 7 percent of retailers put coupons in the very valuable category, but manufacturers continue to offer them and to defend their value in marketing some products.

When considering the value of services offered to the distributors, 74 percent ranked catalogs as very valuable. Training received a very valuable rating from 51 percent of the retailers.

Only 54 percent of the retailers attend trade shows, and of those who do not attend them, the most-mentioned reason for non-attendance according to 66 percent is that they are not convenient. Twenty-six percent said the trade shows cost too much; 12 percent said they were not useful; and 8 percent gave other reasons for non-attendance.

"Trade shows" refer to trade exhibits such as the National Hardware Show®, the Louisville Expo, Garden Industry of America show and trade exhibits by manufacturers, rather than the distributor shows sponsored by distributors on a more local or regional basis.

The study showed that the retailers like distributor shows; 77 percent said they attend them. A primary incentive for them to attend the show is to see new products, said 46 percent. That incentive out-ranked early discounts and dating as an incentive to attend the shows. Grand prizes, which the distributors often play up, ranked as a "very motivating" incentive by only 5 percent of the respondents.

The study showed that in choosing a distributor, dependability, delivery service and overall service were the three most important factors.

The degree to which the lawn and garden business is fragmented is brought out in the study also, which shows that 28 percent of the retailers buy their hardlines and package goods from six or more distributors. However, almost one-

continued...

How retailers rate the value of manufacturers' services*

Service	%
Product knowledge/ training	55
Co-op ads	44
Buyer incentives	36
National ads	36
Literature	28
Displays	24
Clerk incentives	22
In-store demos	16
Coupons	7
Video displays	6

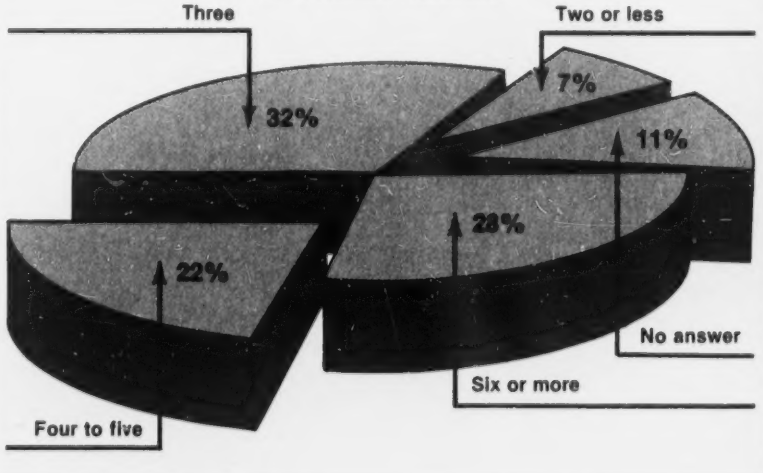
*Based on percentages of retailers who rated services as "very valuable."
Source: *LGM*/NLGDA 1986 survey

How retailers rate the value of distributor's services*

Service	%
Catalogs	74
Training	51
Service merchandising	31
Programmed planograms	30
Computer entry	26
Shelf labels	21

*Based on percentages of retailers who rated services as "very valuable."
Source: *LGM*/NLGDA 1986 survey

Number of distributors retailers buy from
(% of retailers responding)



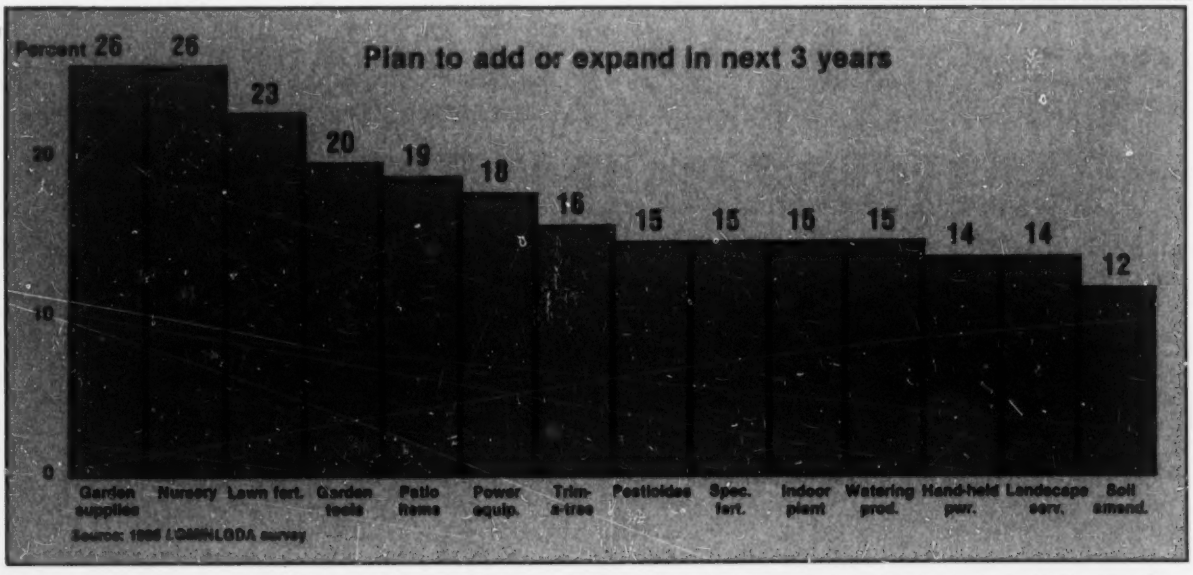
Retailers ...continued

third used only three distributors as sources for these product lines.

Also, the study showed that 67 percent of the retailers bought their lawn fertilizer direct from the formulator, or packager, with no distributor handling the product for them. And 43 percent bought nursery (green goods) direct, with no distributor handling the product.

—LGM

This study was conducted as a joint effort of *Lawn & Garden Marketing* and the National Lawn and Garden Distributors Assn. Additional information derived from this survey was given in the *LGM* November/December 1986 issue. Complete copies of the study are available for purchase from William Robinson, NLGDA, 1900 Arch St., Philadelphia, PA 19103; (215)564-3484.



Due to a printing error, the headline on the above table was omitted in our November/December issue (Garden centers profiled , page 16) and, therefore, is reprinted here.

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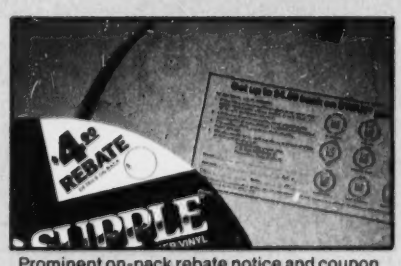

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New strategy in setting landscape values

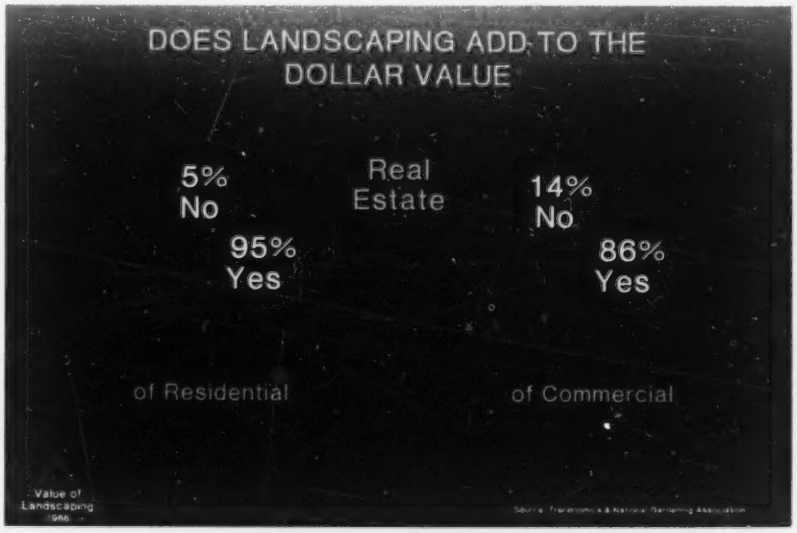
Homeowners believe landscaping adds nearly 15 percent to the selling price of their homes; real estate appraisers say only 7 percent. What does the difference in their perceptions mean to you?

By Bruce Butterfield and Charles W. Dunn

The average American homeowner believes that landscaping increases the worth or selling price of this home by nearly 15 percent. What's more, a majority of 62 percent of all U.S. homeowners believe that landscaping is as good as or a better investment than spending money on other types of home improvements such as remodeling a kitchen or a bath.

These important perceptions, coupled with a market of strong demographics and a revitalized housing industry in many parts of the country, point to opportunity in the lawn and garden industry.

To find out exactly what value America's homeowners associated with their landscaping, the Weyerhaeuser Co.'s Nursery Products Division funded research during 1986 to determine how both U.S. homeowners and real estate professionals view the value of landscaping. This research included inquiry into both the qualitative and quantitative aspects of the value of residential landscaping, an investigation of who the key landscaping customers are today and how real estate appraisers and professionals view landscaping in terms of enhancing sales appeal and the bottom line in marketing real estate. (Results on how homeowners view its value were published as "Landscaping: Adding value to America's homes" in the November/December issue of *Lawn & Garden Marketing*.)



But what about the real estate appraisers—that group of professionals who establish market value, influence selling and purchasing prices and dictate loan amounts? What are their perceptions of the value of landscaping and what are the opportunities for the industry with real estate appraisers?

As part of the research conducted for Weyerhaeuser, the following is the viewpoint of America's real estate appraisers on the value of landscaping:

- Landscaping enhances the sales appeal and adds to the dollar value of real estate;
- Important factors in appraising the value of landscaping for real estate are appearance, condition and maintenance, comparison to the neighborhood and functional use of landscaping; and
- Real estate appraisers need guidelines to evaluate better the dollar value of landscaping.

Today's prospective home buyers are interested in far more than just the home itself. The decision to select one property over another includes weighing such factors as the land itself, the location, the neighborhood, the orientation of the lot, the total price, the overall appearance and the lifestyle that particular home makes possible.

According to Robert Mercer, resident landscape architect for the American

Society of Landscape Architects, "Home buyers are looking for a total living package and that includes landscape features. The attractiveness of the landscaping can be a deciding factor between two like properties. Landscaping and the maintenance of the landscaping contribute to overall salability."

Curb appeal

H. Grady Stebbins, former president of the Society of Real Estate Appraisers and author of *The Guide on Appraising Residential Property*, describes the effect of landscaping on curb appeal: "I don't know if you could measure just how powerful an attractive, value-oriented landscape might be in the selling process, but there is no question that it is a major part of the total appearance of the house. It's sometimes called 'curbside sales pitch.' When the prospective buyer drives up to a house, the first thing he sees is the house and the landscaping. He sees them as one because it is impossible to separate them. And if we believe in the power of first impression, then we must give credence to the belief that landscaping is a major sales element."

Yet, just as good landscaping enhances real estate sales, bad or neglected landscaping can slow sales. Richard McGuire of the Employee Relocation Council in Washington, D.C., says that landscaping can be a problem for his members when they assume the sale of a relocated employee's home. It is something that has to be maintained. "People have little or no imagination when they are buying. They see every defect, and if the landscaping is not maintained, it has reverse curb appeal."

In order to obtain an accurate perspective and reliable information about the attitudes and practices of professional real estate appraisers regarding land-

continued...

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Landscaping
...continued

scaping, the National Gardening Assn. and Trendnomics Research worked with the Society of Real Estate Appraisers based in Chicago, Ill., to conduct a survey of their members throughout the country in the spring of 1986. A mailed survey that included questions about the relationship of landscaping to the value of residential and commercial real estate was sent to a representative sampling of 1,234 professional real estate appraiser society members.

Results of the survey provided a wealth of information and insight into how real estate appraisers view and treat landscaping in their appraisal work. Respondents to the survey represented a good cross-section of the society's membership. A slightly higher representation was obtained for the Sunbelt and West Coast, areas where real estate sales activities are highest.

When asked, In general does landscaping enhance the sales appeal of residential real estate?, 99 percent of respondents agreed that it does. For commercial real estate, 92 percent of appraisers responding to the survey agreed that landscaping enhances the sales appeal for commercial real estate.

In addition to enhancing the sales appeal of residential and commercial real estate, landscaping adds to the dollar value of property. More than nine out of 10 professional real estate appraisers responding to the survey (95 percent) agreed that, in general, landscaping adds to the dollar value of residential real estate. For commercial real estate, 86 percent of appraisers responding to the survey agreed that landscaping adds to the dollar value of commercial real estate.

Important aspects in appraising landscaping

The aesthetic or pleasing appearance of the landscape, the condition of the landscape, how well it has been maintained, how the landscaping compares with others in the neighborhood and how the landscape functions to provide privacy, protection from noise, wind or pollution all ranked the highest among factors that real estate appraisers consider important in deciding whether or not landscaping adds value to real estate.

It is interesting to note that factors of a qualitative nature, of personal preference or interpretation were ranked of greater importance in appraising the value of landscaping than were quantitative factors—those where dollar amounts or costs could be obtained. Unlike most other methods of real estate appraisal where hard facts on replacement costs, raw land values and cost per square foot are used to determine value, the value of landscaping in the eyes of most real estate appraisers is not very specific.

A review of several standardized forms used in the appraisal industry indicates that in most cases landscaping is not listed as a separate category. An appraiser apparently has to make special considerations and notes if value is to be placed on landscaping.

To determine whether or not these forms represent the exception or the rule, appraisers were asked whether they include specific dollar value for landscaping as a part of their residential and commercial appraisals or whether landscaping is a part of a more general category. Appraisers reported that landscaping typically is not given a specific dollar value in the majority of appraisal studies but is generally included as a part of a more general category.

Although 95 percent of appraisers say that landscaping adds to the dollar value of residential real estate and 99 percent say that landscaping enhances the sales appeal of residential real estate, only 34 percent of appraisers include a specific dollar value for landscaping when appraising a residential property.

For commercial real estate, 92 percent of appraisers say that landscaping enhances the sales appeal of a property and 86 percent say that it adds to the dollar value of the property, but only 29 percent of appraisers include a specific dollar value for landscaping when appraising commercial property.

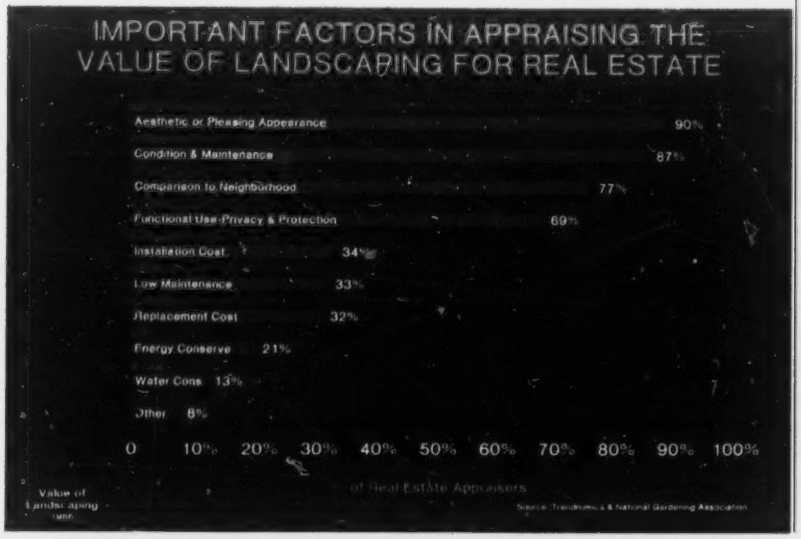
In response to the question, How much would you estimate that a well-designed and maintained landscape adds to the selling price of residential and commercial properties?, real estate appraisers estimated that landscaping adds about 7 percent to the selling price of residential properties and 6 percent to the selling price of commercial properties. As the following chart illustrates, there is a very significant difference in the perception of homeowners of the value of landscaping and the perception of real estate appraisers.

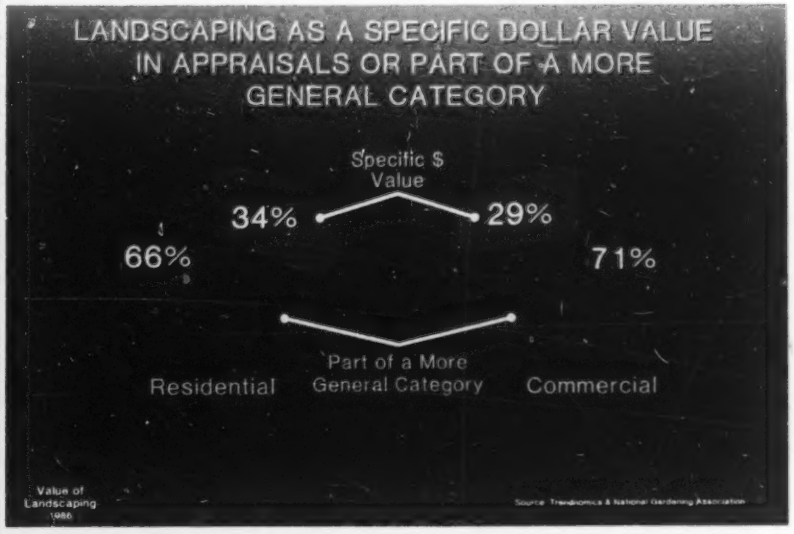
Appraisers need help in evaluating landscaping

While appraisers continually assemble market information relating to costs of various components of a property through national publications and books that describe various types of landscaping and the cost concerned, Michael Cannon of Appraisal and Real Estate Economic Associates Inc. in Miami, Fla., sees a need for more concrete direction and information. "I think the appraiser needs more education on landscaping." Cannon's perspective is shared by many others in the real estate appraisal profession. In fact, when the survey asked appraisers if they believed they had been provided with adequate guidelines for evaluating and appraising the dollar value of landscaping for both residential and commercial properties, a clear majority of appraisers responded they had not.

Opportunities for the industry

A tremendous opportunity exists for the lawn and garden industry in this country. It is one that will result in increased usage of industry products. It is one that can be accomplished through working with other professionals to


IMPORTANT FACTORS IN APPRAISING THE VALUE OF LANDSCAPING FOR REAL ESTATE
Aesthetic or Pleasing Appearance 90%
Condition & Maintenance 87%
Comparison to Neighborhood 77%
Functional Use-Privacy & Protection 69%
Installation Cost 34%
Low Maintenance 33%
Replacement Cost 32%
Energy Conserve 21%
Water Cons 13%
Other 8%
0 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
of Real Estate Appraisers



enhance and to establish the real value of landscaping.

It is not enough that the nursery and lawn and garden industry feels that its products have value and that consumers feel that they have value. The challenge is to have those who are determining that value, particularly the real estate appraisers, mortgage lenders and other segments of the real estate profession, develop similar perceptions of the value of landscaping as do the owners and buyers of the properties that they are appraising, financing and marketing.

To take advantage of this opportunity this industry must accept the challenge. It is a challenge of understanding, education and promotion.

As we understand more about our customers and their beliefs in the value of landscaping, we must provide them with products and services necessary to meet their interests and lifestyles.

We must approach education with a commitment and a dedication—working in a spirit of cooperation with other related industries, industry groups and associated professions, such as real estate appraisers, to provide them with the facts about the value of landscaping.

And finally, we must promote. Competition abounds. Today's consumers are making buying decisions on the use of our products and all others on the basis of value. It is up to those of us in the nursery, landscaping and related industries to promote first the value of landscaping. —LGM

Bruce Butterfield is research director for the National Gardening Assn., Burlington, Vt. Charles W. Dunn is a marketing and communications consultant in Tampa, Fla., and specializes in the nursery, lawn and garden industry. Both collaborated extensively on *The Value of Landscaping* for Weyerhaeuser.

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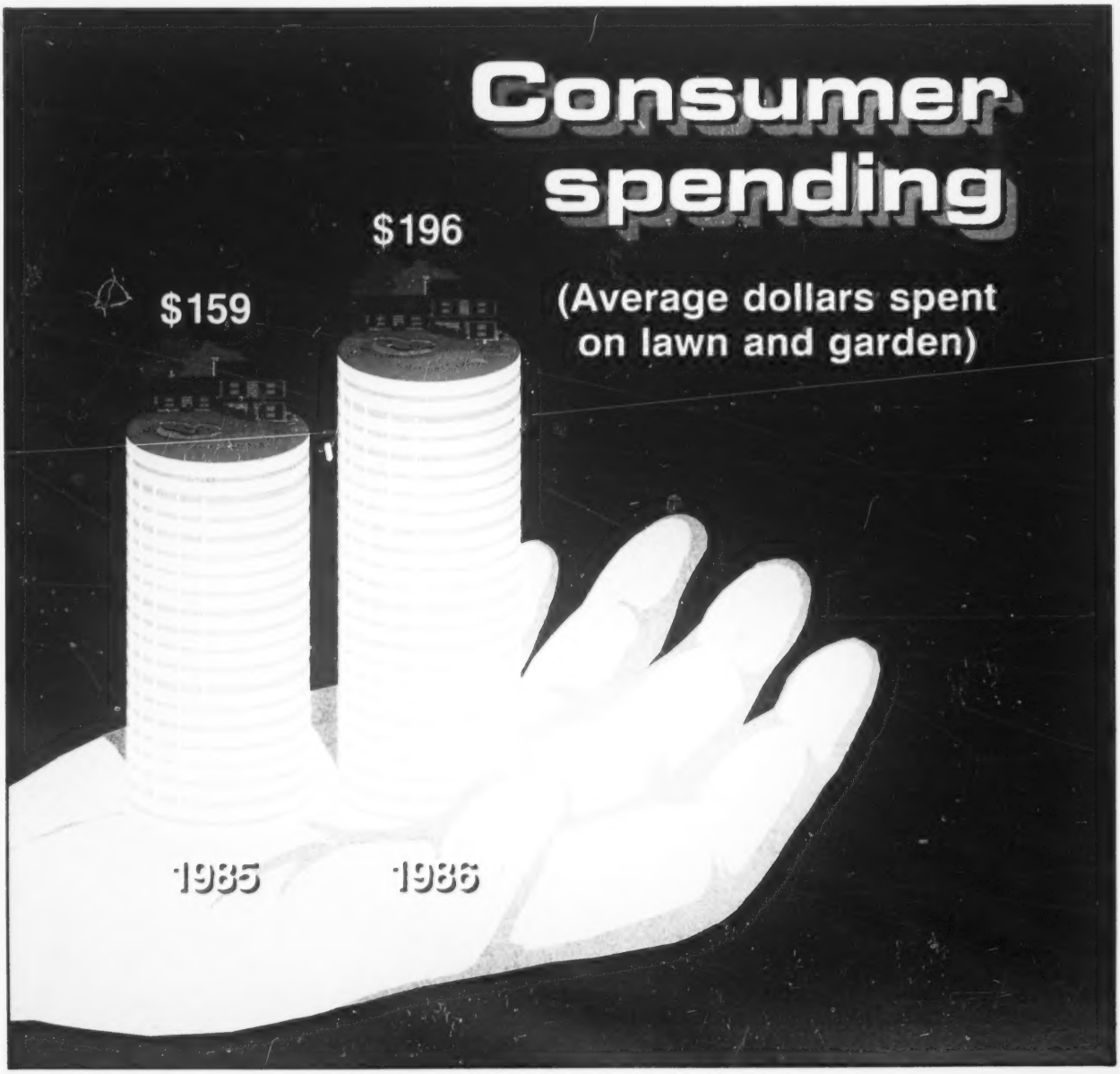
Reports on: Safety in pesticides
Business tax changes • Brand names



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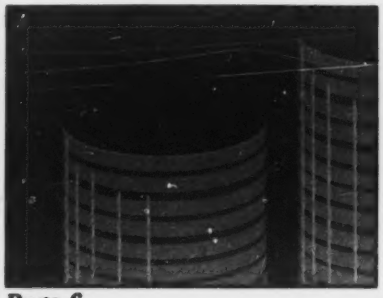
The merchandising magazine for lawn, garden and leisure living products.

FEBRUARY 1987 VOL. 26, No. 2 PUBLISHED 10 TIMES ANNUALLY



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Consumer spending

A new survey shows average consumer spending on lawn and garden purchases increased significantly in 1986 over 1985.

By Bruce Butterfield, National Gardening Assn.

Retail sales of lawn and garden products for 1986 totaled $14 billion, an increase of 18 percent or $2 billion over 1985 when consumers spent $12 billion according to year-end results of the 1986-87 National Gardening Survey.*

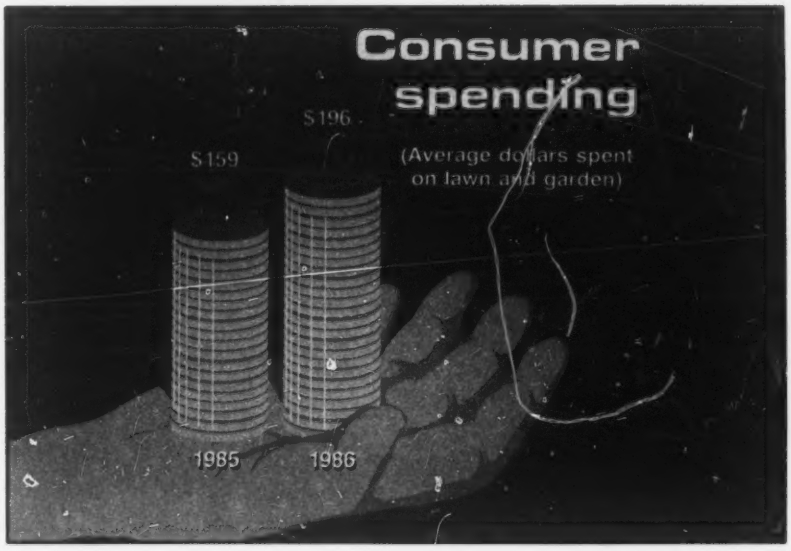
While the number of households participating in most types of lawn and garden activities stayed at about the same level or saw a small increase in the number of households participating over 1985, there was a significant increase in the average amount of money that consumers spent on a majority of 54 percent of activities over the previous year.

The year 1986 also saw the average amount of money that consumers spent in total on lawn and garden activities increase from $159 in 1985 to $196 in 1986.

Increases in the total amount of retail dollar sales in 1986 were seen for lawn care, vegetable gardening, insect control, flower gardening, bulbs, houseplants, fruit trees, landscaping, tree care, ornamentals and berries. The only categories with a decrease in retail dollar sales in 1986 were shrub care and raising transplants. Clearly, 1986 was a very good year for lawn and garden business.

Lawn and garden activities that saw the most growth during 1986 over the previous year included flower bulbs (+57 percent), insect control (+52 percent), vegetable gardening (+43 percent) and fruit trees (+41 percent).

Above average growth in 1986 also was seen for flower gardening (+21 percent) and berries (+22 percent). Indoor



Average $ spent

Activity	1985	1986	Change
		(Dollars)	
Lawn care	80	92	+12
Landscaping	154	145	− 9
Flower gardening	38	41	+ 3
Vegetable gardening	31	41	+10
Tree care	64	61	− 3
Indoor houseplants	23	27	+ 4
Shrub care	42	40	− 2
Insect control	29	36	+ 7
Flower bulbs	21	26	+ 5
Fruit trees	27	38	+11
Raising transplants	32	18	−14
Ornamental gardening	30	46	+16
Growing berries	15	15	0
Container gardening	NA	34	0
Herb gardening	NA	10	0
Total	$159	$196	+$37

Source: National Gardening Assn./Gallup Organization

*Not included in the survey of consumers conducted for the National Gardening Assn. are some product categories which are part of the product mix for many retailers of lawn and garden merchandise; sales of patio, chainsaws, snowthrowers, barbecue and accessories, trim-a-tree and bird feeders and accessories, for example, add billions of dollars to the total consumer spending figure. Provided services and commercial and institutional accounts for lawn and landscaping maintenance equipment are also part of the total market picture for lawn and garden retailers, wholesalers and manufacturers and also are not reflected in the NGA survey.

Retail sales

Activity	1985 $ Bil.	1986 $ Bil.	Change $ Mil.	% Change
Lawn care	3.898	4.317	+419	+10.7
Vegetable gardening	.950	1.363	+413	+43.4
Insect control	.653	.992	+339	+51.9
Flower gardening	1.259	1.519	+260	+20.6
Flower bulbs	.275	.431	+156	+56.7
Indoor houseplants	.706	.826	+120	+16.9
Fruit trees	.271	.382	+111	+40.9
Landscaping	2.125	2.176	+ 51	+ 2.4
Tree care	.795	.845	+ 50	+ 6.3
Ornamental gardening	.146	.166	+ 20	+13.6
Growing berries	.041	.050	+ 9	+21.9
Shrub care	.699	.659	– 40	– 5.7
Raising transplants	.208	.131	– 77	–37.0
Container gardening	NA	.310		
Herb gardening	NA	.039		
Total	$12.026	$14.206	+$2.180 billion	+18.1

Source: National Gardening Assn./Gallup Organization

Product purchases

(Number of households buying)

Product	1985	1986	Change	% Change
	(Millions of households)			
Seeds	34	37	+3	+8
Fertilizer	37	36	–1	–3
Insect controls/chemicals	25	31	+6	+22
Nursery products	25	30	+5	+20
Houseplants & supplies	23	25	+2	+8
Watering equipment	14	19	+5	+34
Garden tools	16	20	+4	+23
Pots/plant containers	19	19	+.4	+2
Soil amendments	15	13	–2	–15
Garden books	6	6	+1	+17

Source: National Gardening Assn./Gallup Organization

houseplants (+17 percent), ornamental gardening (+14 percent), lawn care (+11 percent) and tree care (+6 percent) also had a significant growth in retail sales during 1986.

As you would expect, given the increase in retail dollar sales for lawn and garden activities in 1986, the number of households that purchased lawn and garden products was also up. Eight out of 10 product categories saw an increase in the number of households that purchased those products from 1985 to 1986.

Product categories that saw the biggest increase in the number of households buying in 1986 included insect controls (+6 million), nursery products (+5 million), watering equipment (+5 million), garden tools (+4 million), seeds (+3 million), houseplants and supplies (+2 million), garden books (+900 thousand) and pots or plant containers (+400 thousand).

There was a small decline in the number of households that purchased fertilizer (–1 million) and soil amendments (–2 million) during 1986.

Lawn and garden product categories that saw the most growth in the number of buying households in 1986 over the previous year included watering equipment (+34 percent), garden tools (+23 percent), insect controls/chemicals (+22 percent), nursery products (+20 percent) and garden books (+17 percent). Seeds (+8 percent), houseplants and related supplies (+8 percent) and pots or plant containers (+2 percent) also had significant growth in the number of buying households in 1986.

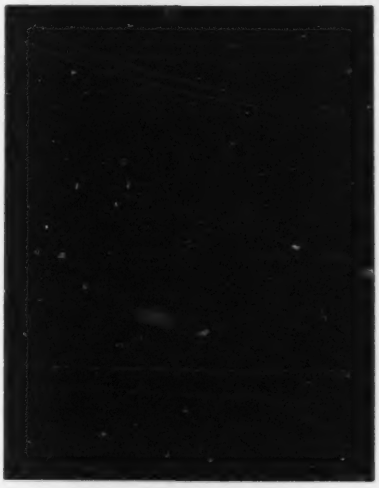
In total, 92 percent of households participating in lawn and garden activities in 1986 purchased one or more products compared with 83 percent in 1985.

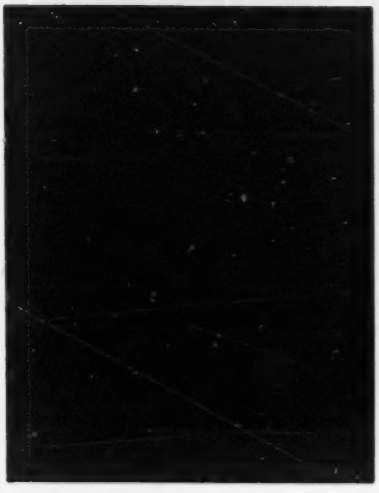
—LGM

The 1986-87 National Gardening Survey, which this article is based on, provides detailed marketing information about the who, what, where, when and why of lawn and garden retail sales. Each year the National Gardening Assn. publishes the results of the Survey in a comprehensive 300-page report. For more information, contact NGA, 180 Flynn Ave., Burlington, VT 05401; (802) 863-1308.

Product Movement Report

Fall 1986





Seven of nine product categories nationally showed steady to increased sales growth according to retailers responding to this *Lawn & Garden Marketing* survey.

Categories in which more retailers indicated sales increases than decreases in fall 1986 were grass seed, lawn tractors and leaf blowers—still a hot item (particularly gas units) and expected to remain so through 1987.

In the West and Northeast, more retailers indicated increases than decreases in sales of grass seed. Reports from retailers predominately in the Northeast and North Central regions, indicate significant increases in sales of lawn tractors and weighed heavily on national totals.

Several categories reflected steady sales nationally: lawn fertilizer, indoor planters and pots, snowthrowers and chainsaws—a particular improvement over the last two years.

However, retailers of chainsaws may simply be selling through current inventory since the Portable Power Equipment Manufacturers Assn. had projected 1986 shipments of chainsaws to be down from 1985. (See "Portable power data," Nov/Dec 1986 *LGM*.)

Nationally, retailers of garden tools reported slight decreases in sales of this line. Retailers both in the Northeast and West regions showed only slight decreases, but the South showed significant decreases in sales.

Results from the latest consumer study by the National Gardening Assn. and the Gallup Organization (see page 6) indicate that flower bulbs showed the most growth of all the product categories measured in their 1986 study. Yet, our product movement report shows that bulb sales were down nationally.

The most likely reason for this discrepancy is that a majority of flower bulbs are sold through mail-order catalog. Retailers may need to be thinking about other ways to attract a greater share of this bulb market.—**LGM**

The fall 1986 survey results were based on 250 responses from three categories of retailers: garden centers, hardware/home centers and power equipment dealers. Respondents were asked to compare sales of product categories in fall 1986 to fall 1985. As a result of rounding, percent of change does not always total the percent carrying the line.

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6/24/87

Lawn&Garden Marketing

JUNE 1987

Reports on: Safer financing deal '87 snowthrowers • Decreased winter sales

The color purple

One retailer's modest theme flowers in winter.

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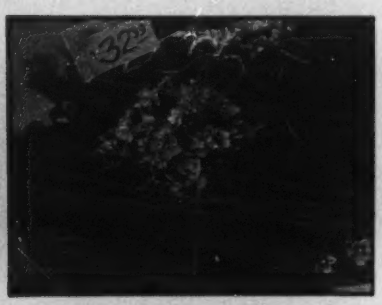

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Manufacturers plow through obstacles with innovations

Coming off a slack season, snowthrower makers are entering the '87 production cycle in low gear but with high invention. 5

Making tracks

Some of the emphasis manufacturers are putting on their new crop of snowthrowers is on using tracks, rather than wheels, to pull the machines efficiently into the deep white stuff. .7

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An Earl May retailer whips the winter blahs and boosts his January sales 67 percent with a colorful off-season promotion—an African Violet Festival. 14

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Garden supply retailers know the value of selling African violets. Not only are the plants extremely popular, they are also a big profit maker. 15

Cover photography by Kevin Anderson; hand-coloring by Anita Blattner.

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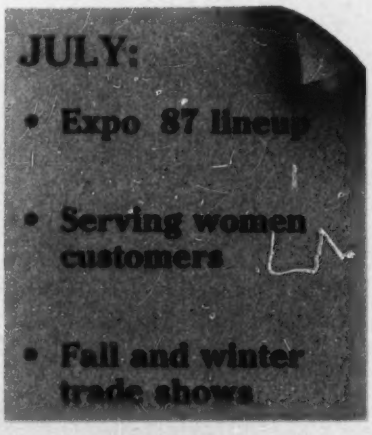
Exclusive product listings this month are: Maintenance-free lawn spreaders from Central Quality; Agro-Chem introduces its first retail product line, Green Magic. Also featured: '87 snowthrower models. 30



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Product Movement Report

Winter 1986

Sales in five of nine winter product categories decreased according to retailers responding to this *Lawn & Garden Marketing* survey.

Nationally, more retailers reported sales of snow-related products down than up, particularly snowthrowers. OPE dealers were hardest hit: 37 percent reported sales down; only 20 percent reported sales up.

Responses from retailers in the North Central and Western regions weighed down national snowthrower totals. And only slightly more Southern retailers reported increases than decreases, whereas more Northeastern retailers related increases. This trend was duplicated in two other snow-related categories measured, snow shovels and melting compounds.

Replacement parts nationally were stable. But North Central retailers again reported sales down, likely reflecting decreased demands for snow removal equipment repairs there.

A majority of retailers reported sales of trim-a-tree products up; this was the only category in which more North Central retailers reported sales increases than decreases. In three of the four regions, more retailers reported sales increases than decreases in birdfeeders and indoor plant supplies as well.

In general, it appears that retailers in regions like the Northeast, hardest hit by late winter storms, experienced a sales boom compared to winter 1985. And retailers in regions like the North Central, with an unexpectedly mild winter, experienced depressed sales.

In fact, one out of every two North Central respondents rated this past winter selling season as below average or poor; the majority credited "lack of snow" as the factor most influencing sales. In the Northeast, nearly one in two respondents rated the winter sales season as good to excellent; the majority of respondents credited "heavy snowfall" as the factor most influencing sales.

—LGM

The winter 1986 survey results were based on 353 responses from three categories of retailers: garden centers, hardware/home centers and power equipment dealers. Respondents were asked to compare sales of product categories in winter 1986 to winter 1985.

C4725-2A
8/17/87

Lawn&Garden Marketing

AUGUST 1987

An Intertec publication

Cover story: NHS welcomes lawn & garden

'88 OPE outlook • New waves in irrigation

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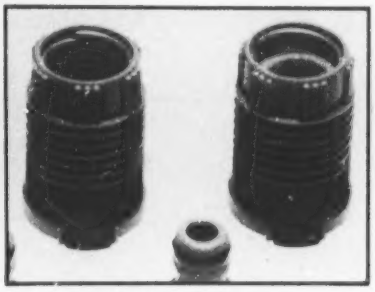

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Cover photo by Kevin Anderson.

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- **Report on the Expo**
- **Pros and cons of "cherry picking"**

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OPE outlook: slight decline in '88

Despite the forecast of some declining sales for the year ahead, outdoor power equipment industry officials are projecting mostly sunny skies for 1988.

The crystal ball used by manufacturers of outdoor power equipment shows an overall bright outlook for 1988 even though there are clouds on the horizon for some product categories. The consensus of those participating in the Outdoor Power Equipment Institute forecasting project, completed early this year, was that in 1988 industry sales will decline some from the high 1987 levels. "Slight economic shifts are predicted for 1988 that we feel will result in a minor industry sales decline from the high 1987 levels," the report said.

New housing starts, considered a key impetus to lawn and garden equipment sales, are predicted to decline 2 percent by the manufacturers responding to the survey by OPEI. The summary of the OPEI outlook was prepared by Murray Ohio Manufacturing Co. and was presented to the membership by Thomas Murray Hannon, vice president of business development for that company. The presentation was made at the 35th annual meeting of the OPEI, held in June in Monterey, Calif. Hannon's report said, "As a group, we see the economy picking up with an increase in the rate of growth for GNP and disposable personal income from 1987. Concurrently, we see prices at all levels rising more rapidly than in 1987."

Overall, optimism for the future of the association, as well as for the industry, was expressed by the members attending the annual meeting. (See related story, "Mann heads thriving OPEI," this page.) Other key economic indices factored into the forecast for OPE shipments for the 1988 model year all showed increases. They were the consumer price index, increasing 3.8 percent, and unemployment, increasing at 6.7 percent (the same as the projected rate for unemployment in 1987).

The producers price index, reflecting not only power equipment but all products sold by manufacturers, was projected at a slim 1.8 percent. This index, which shows changes in prices manufacturers will charge their customers, showed a wide variance from the OPEI respondents in the survey, from -2.3 percent to 3.9 percent.

The prime interest rate is projected in 1988 to show an annual average of 8 percent, compared to the projected 7.5 percent this year. "The slight rise in the prime rate is in concert with a decrease in housing starts. Due to the strong connection between lending rates and housing starts, the prime also should be watched closely for its effect on 1988 sales," the manufacturers were advised by the report.

In an analysis of the industry, the report noted that although a year ago the OPE forecast for 1987 called for growth of .2 percent for walk-behinds and 3.6 percent for riders, later projections, made early this year, showed that the original forecast for 1987 models may have been low, with forecasts in April showing an increase of 6.5 percent for walk-behinds and 7.2 percent for riders. Hannon's report at the annual meeting went on to point out that for 1988, a downturn has been forecast for all categories, with the exception of rear-engine riders, which the members forecast will enjoy a slight increase. Mid-season projections were that rear-engine models were growing at twice the rate in 1987 than was forecast originally (3.8 percent compared to 1.9 percent).

Also, the forecast by OPEI members for 1988 rear-engine riding mowers was considerably more bullish than were the projections done in March of this year by Chase Econometrics—332,000 units vs. the Chase projection of 315,000 units for 1988.

A 6 percent decrease is forecast for 1988 in front-engine rider shipments, the first decrease after five years of steady growth in this category. The manufacturers forecast a decline of 3 percent for the 1988 model year for walk-behind

continued...

Munn heads thriving OPEI

John Munn, president of Wheel Horse Products Inc., was elected president of the Outdoor Power Equipment Institute at the organization's annual meeting, June 21-24, in Monterey, Calif. Munn has served as president of Wheel Horse Products since March 1982. Prior to that he was with American Motors Corp. as director of corporate development, director of corporate planning and director of finance. He takes over the presidency of the OPEI from B. Duane Bustle, of Trailmate Inc.

Other officers elected were vice president, Jaico Estrada, chairman of the board and president of Garden Way Inc., Troy, N.Y.; and secretary-treasurer, Jerome M. Stumbras, vice president and general manager of Outdoor Power Equipment Group of Lawn-Boy, a product group of Outboard Marine Corp., Memphis.

At the meeting, OPEI members, already encouraged by the contribution the OPEI-sponsored International Lawn, Garden & Power Equipment Expo is making to the financial strength of the association, heard updates of other initiatives being undertaken: building a headquarters in Alexandria, Va., to be completed and ready for occupancy early next year, and support of legislation in Congress that would allot $13 million each year from the gasoline sales tax to develop grasses that would grow in arid regions. Much of the sales tax comes from gasoline sold for power equipment use on lawns and other turf areas, Dennis Dix, executive vice president and CEO of the OPEI, pointed out.

The members heard details of the OPEI's comprehensive new consumer safety education program, which includes a media tour, OPE presentations at consumer flower and garden shows and a national radio program. Details of a consumer survey, to take place in September, on purchases in six key product categories also were spelled out for the members by Mark Rostvold, director of consumer products, farm equipment and consumer products division, Deere & Co., and John F. Liskey, OPEI's director of statistical and technical services.

For the survey, each evening throughout the year, 700 phone calls will be made to homes asking for details as to place of purchase, purchase price and basic buyer demographics. In reports to members, results will be broken down by county level.

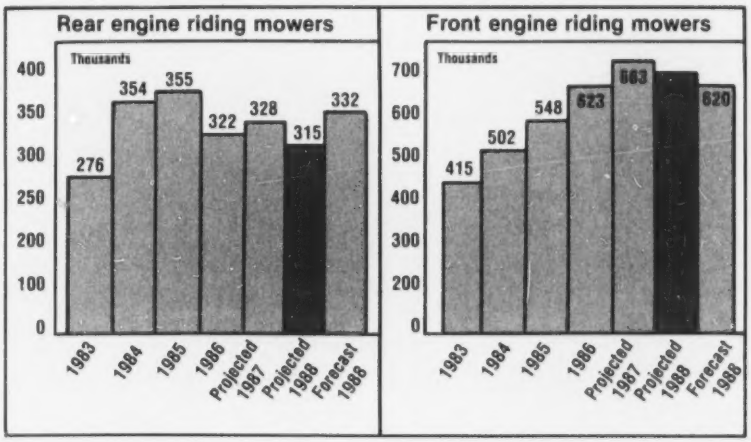
OPE...*continued*

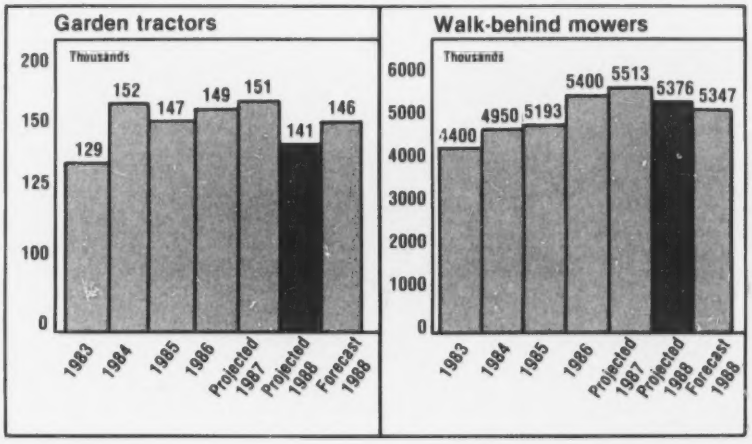
mowers, the industry's product line that affects the most suppliers and retailers. The commentary on the survey questions the accuracy of the 1988 forecast of shipments of walk-behind mowers: "The 1988 forecast could again be affected by the 1987 estimate, which appears low in the face of the industry's current 6.5 percent growth in this category."

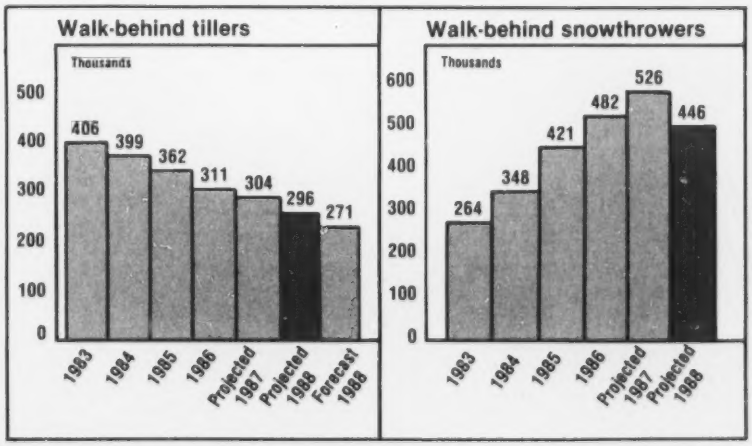
Overall, the outlook was considered to be on the conservative side, with few dramatic changes, except for the projected sharp drop in shipments of snowthrowers, which, though dramatic, was not unexpected by those who track that industry segment closely.

Barely one half of the membership responded to the questionnaire and many of those respondents did not answer all questions, according to an introductory statement by the officers of Murray Mowers, president John L. Duncan and vice president Hannon. The respondents did include the major manufacturers who account for the bulk of production, John Liskey, OPEI's director of statistical and technical services, confirmed. In some cases, wide variances existed as to the outlook. For example, the report said of the members' forecast on snowthrower shipments, "...there is little agreement with a range of 136,000 between the high and low responses. The average of these widely varying forecasts predicts a 15.2 percent decline from the recently announced 1987 figure...." The 1987 model year for walk-behind snowthrowers, which ended Feb. 28, hit a five-year peak, with reported shipments of 526,000 units.

The 1988 forecast for these two other major categories that the manufacturers reported: walk-behind tillers, 271,000 units, down from their projection of 304,000 units for the 1987 model year; and garden tractors, down from a projected 151,000 units for the 1987 model year to 146,000 forecast for shipment in 1988.







Source: OPEI (Chase Econometrics projection for 1988)

Chase forecast

Another view of the industry to help the manufacturers assess the future was provided by Chase Econometrics and was summarized alongside the forecast by the manufacturers. Chase, which has for several years provided economic data services for OPEI members, completed its 1988 projections for the industry in March of this year. OPEI summarized the variances between the two views in this way: "The member forecast agrees directionally with the 1988 Chase forecast, but we view the economy growing slower and prices rising less rapidly."

One interesting observation of the OPEI report also summarized in the outlook had to do with channels of distribution. That was the reversal of a trend that had seen two-step distribution losing out to direct sales by manufacturers to retailers and other market segments. According to the March 1987 study the "wholesaler/jobber" category grew from 23.6 percent of the market in 1986 to 27 percent in 1987.

The report said, however, that there would be little change in 1988 in distribution channels. It noted that export sales were seen as increasing in percentage of OPEI member sales in both 1987 and 1988. **—LGM**

Catching the wave

The number of retailers is increasing who realize that with employee expertise, customer education and proper merchandising DIY watering systems can offer sales success.

For the past few years, sales of automatic underground sprinkler systems have been steadily inproving. Once thought to be a sunbelt-concentrated, contractor-installed market only, the tide toward do-it-yourself (DIY) underground sprinkler systems is flowing across the country.

Like many other items, sales increases in the "professional" market—in this case, contractor-installed systems—often pave the way for DIY consumer sales success stories. For example, Century Rain Aid, the largest distributor of irrigation systems and supplies east of the Mississippi River, is a contractor-oriented distributor. Earlier this year, Ernie Hodas, president of Century Rain Aid, predicted a record year for the industry in 1987.

"In the last five years, with the advent of solid-state controllers, automatic sprinkler systems have practically replaced manual systems," Hodas says.

Hodas' optimism is backed up by numerous other industry studies and trends. Garden America Corp., the largest pure-play U.S. manufacturer of automatic watering systems, is showing above-average growth potential in an expanding $350 million industry. And a recent sampling survey taken by *Lawn & Garden Marketing* reveals that lawn and garden retailers are reporting sales increases of up to 20 percent on irrigation kits for DIYers. Although the market is admittedly weakest in the Northeast, retailers from non-sunbelt areas where the systems are well-promoted and merchandised are still experiencing sales success.

Steve Goodwin is a buyer for Supply One in Rancho Cordova, Calif. Supply One boasts three and "one half" stores in its northern California chain and has been selling DIY underground sprinkler systems for three years. Supply One offers Garden America (Richdel), Rainbird, Toro and Rain Jet systems.

"Our selling season is really only the months of May and June because all of the stores in our market are in snow areas," Goodwin explains. "Yet it is very lucrative; there are lots of sales dollars in it. The mix of our products is probably very similar to Florida, with the exception being that we sell a lot of drain valves to prevent freezing."

Goodwin believes sales success in the systems, despite a short selling season and difficulties with freezing pipes, is just like sales success with any other product. "It's like anything else you want to sell: You need to understand the product and its application, you need to price it right and you need to train your personnel," he says.

Goodwin admits that certain items in an underground sprinkler system, such as PVC pipe, are price-sensitive. He also says many of the product brands have tight profit margins. "But if you price correctly and carry a full product line you can still make a nice gross," he emphasizes.

Goodwin also says that what small problems his stores have had with the products themselves the manufacturers have been "quick to fix."

"An average system here runs around $500," he points out. "I think that growth in the future will be even more; something will come along to revolutionize the industry. Before PVC pipe was available, for example, only the very rich could afford an underground system. The introduction of PVC pipe brings it down into an affordable range for the average homeowner."

He adds, "It's one of the top ten DIY projects in our stores. In season, that aisle is the busiest aisle in the store."

Another retailer experiencing success with the systems is Ted Teagle, owner

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Photo by Glen Hensley

Timers and fittings get prominent display at Chic Do-It, which sells its irrigation equipment through the plumbing department.

Wave...*continued*

of Spring Valley Ace Hardware in Columbia, S.C. Teagle has been selling the systems (Rainbird and Toro) since he opened his doors four years ago. Unlike most retailers, who continue to market the systems in the plumbing department, Teagle displays sprinklers and timers in lawn and garden; only pipe is in the plumbing department. He is considering consolidation of everything into one area by way of an addition to his store.

"I don't think they would even look for it in the plumbing department," Teagle believes. "We have it in lawn and garden, right there with everything else. For a residential market, fertilizers etc., go right along with watering, and I think the systems belong there with them."

Teagle should know; he says 17 percent of his total annual volume is made up of underground sprinkler sales, and that figure rises to 25 percent in his prime selling months of March-August.

"There is a lot of residential growth in this area, and our lawn and garden department business is up 30 percent over last year," he explains. "I think it's an excellent market. If you are a lawn and garden retailer and not in it, you need to be."

Teagle adds that a retailer needs to look at the area economy when deciding to market the systems, noting that new housing starts and residential growth are keys to success, along with training of store personnel, filling shelves with merchandise and service.

"First you need to educate personnel to sell the systems so they can help the customer," he explains. "It is not, as some people think, just a one-time purchase. Sometimes people run over the (sprinkler) heads with lawnmowers or cars so replacement parts get return business. We stockpile (these replacement parts) and find that filling the shelves sells them."

Teagle reports a high markup margin in pipe and a medium one in sprinklers and accessories, but he still says there's "good money" in offering the systems. Like Goodwin, he has had few problems with the units themselves. He says in his area, the biggest problem is that sand will sometimes get into sprinkler heads and clog them, and low water pressure in some areas also has created a few difficulties.

Another retailer experiencing success with underground sprinklers merchandised in the lawn and garden division is Scotty's, a chain of 145 stores in Florida and Georgia. According to Richard Dodd, a buyer at the company's corporate headquarters in Winter Haven, Fla., the lawn and garden department and plumbing departments are right next to each other in Scotty's stores. In his sunbelt market area, he says stocking the systems is essential to having a well-rounded lawn and garden department. But Dodd echoes other dealers: trained personnel and customer education are vital to sales success.

"The systems range in cost from $900 to $1500 on the average. But the cost is not the biggest obstacle; people are afraid they can't do it," he explains. "An oscillating sprinkler tied to the end of a hose is easy, you know. So you have to educate the customer. How-to booklets, like those supplied by Rainbird, are very important. It convinces the customer this is something they can really do."

Sara Romspert is the marketing manager for Rainbird Sprinkler Mfg. Corp. in Glendora, Calif. Although dealers like Teagle best illustrate the success of lawn and garden marketing of underground irrigation systems, Romspert has some qualms.

"I have mixed feelings about it because I am not sure that lawn and garden people have an understanding of the component business," she explains. "And some of the fittings are truly plumbing fittings. The key is how to best serve the customer. How do you make it as easy as possible for the consumer to get all the components for his system? You could double inventory to consolidate it in both lawn and garden and plumbing, or you could do a POP system in lawn and garden that points to the plumbing department."

Aside from merchandising the systems, Romspert says having employees "who can take the scariness away" is the essential ingredient in marketing the systems. "Our field people spend a lot of time training store personnel and conducting consumer clinics," she says. "We try to take the mystery out of it. We emphasize that planning is the key to a successful consumer DIY system; the rest is just sweat."

Peggy McMillan, sales and marketing coordinator for Rain Jet in Laguna Niguel, Calif., says that right now Rain Jet is primarily sold in plumbing departments. "To market it successfully in lawn and garden departments, you need a lot of point-of-sale information," she believes. "Brochures, headers....and the key selling guide is the how-to-install brochures."

McMillan notes that one of Rain Jet's biggest markets is Wyoming, simply because retailers there promote the system. "Another big market is Washington state, and it rains there all the time," she points out. "But that doesn't mean lawns are watered adequately."

McMillan says Rain Jet systems are designed for the DIY market and adds

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Retailers who plan to increase dollars and space in DIY irrigation*

% Total	% Northeast Central	% North	% South	% West
27.7	42.8	16	22.6	29.4

**Based on figures from November 1986 LGM survey*

Wave...*continued*

that retailers who advertise it for what it is, as well as employing knowledgeable store personnel will succeed.

"We hold seminars for store personnel and put on 'Rain Jet Days' where a rep will come in and do a program," she says. "The customers bring in their lot plot plans, and we design a system for them. We also offer a videotape that tells what we are and why we are different from other systems. And we have just started advertising in consumer publications to build customer demand."

"Pop-up" sprinklers get mass treatment in this display at Chic Do-It. Photo by Glen Hensley

Hudson England is vice president of merchandising for Anderson Lumber in Ogden, Utah, a chain of 23 stores in Utah, Idaho and Wyoming. Anderson has sold the systems store-wide for the last four years in his plumbing department, keeping the lawn and garden division as close to plumbing as possible.

"A lot of customers are seeing it as relatively simple to install, and the videotapes help a lot," England explains. "I think you have to have the product to have a complete lawn and garden department. New construction is probably half of our business, and I feel the industry will continue to grow."

England says the system itself is labor-intensive, and a solution to tying up too much store personnel time is to provide as much information as possible for customers. "We try to get customers to do as much of the work as possible," he explains.

Tim Reusch is store manager for Chic Do-It in St. Peters, Mo., one of five stores in the St. Louis-based chain. Reusch says Chic Do-It only started "seriously selling" the DIY irrigation systems in the spring of 1986 (Richdel-Garden America brand). In May 1987, his store did $10,000 in sales of the systems.

"We're still new at this, but it shows where we are," he points out. "Our profit margin is in the low 40s, and an average systems sale is about $900."

Reusch says that while some components of the systems may be price sensitive, "Basically the customer is looking for someone who knows what they are talking about, personnel who can sell with confidence. The consumer then can know if he has a problem, he's dealing with someone who can accommodate him. We are a service organization, and we do whatever we need to do and do it willingly."

Reusch says the systems are displayed in the plumbing section of his store and calls it "logical" since his plumbing department manager also happens to be the store expert in sprinkler installation. Reusch also has an opinion as to why the systems are doing well for the DIY market.

"These sprinkler heads are far more efficient and do far better (than conventional sprinklers), but I am not sure that is the motivation for buying them. I think the motive is keeping up with the Joneses," he admits, "and convenience. It is a job to water by hand, dragging hoses, moving sprinklers and so forth."

Ken's Hardware in Diamond Bar, Calif., has been marketing the systems for eight years now. They stress quality and service, trying not to compete with mass merchandisers on the basis of price, selling Toro systems. They loan out an installation videotape to customers, and they design systems from homeowners' plot plans. If a customer decides not to buy the system, he pays $25 for the design prepared for him by the store.

According to Mark Faris at Toro Irrigation, Riverside, Calif., the company is taking a much more aggressive marketing approach. "We're setting up a network of distributors and are asking them to service dealers, and we're also going after chains like Ace and True Value," he says. "We're trying to change the mentality about how these products go to market. We want to give them a warm and fuzzy feeling when they approach these products, more like a Radio Shack approach than a hardware approach."

Also, according to Faris, each year half a million underground sprinkler systems are installed—more than half of those are done by DIYers.

The conclusions? DIY underground irrigation systems are on the move, and savvy lawn and garden marketers can profit from their growing popularity. Trickle-down sales from the "pro" market (for example, golfers who see it on the golf course all the time), increased advertising that creates consumer awareness and demand and customers who now realize they can install the systems all point to increasing sales. The best market seems to be in those areas where growth is on the upswing, and where busy two-career families want to opt for the convenience of an underground system. Retailers willing to make the investment in terms of training personnel, stocking adequate inventory and merchandising properly can reap the benefits of an expanding industry.

"A lot of the market depends on how sophisticated the contractor-installed business is," says Romspert of Rainbird. "They help create awareness in lower-demand areas. And in the non-sunbelt areas where they are just starting to take off, the homeowner has to realize the need, so you have to create the demand for the systems."

But it is perhaps Reusch of Chic Do-It who sums up the swelling trend best for lawn and garden retailers: "Sprinkler systems are today's business. Many years ago, few people had underground systems. Today they are affordable, realistic and desirable. I see nothing but growth for the future." **—LGM**